Daily Report

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CONTENTS

NOTICE TO READERS: An • indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Castro Interviewed by EL SOL DE MEXICO 1
Criticizes Gorbachev *[NOTIMEX]* 1
Urges Unity *[NOTIMEX]* 1
Discusses USSR Relations *[NOTIMEX]* 2
Explains Electoral Procedures *[NOTIMEX]* 2
Calls Government 'Democratic' *[NOTIMEX]* 3
Discusses Central America *[NOTIMEX]* 4
Comments on Foreign Investment *[NOTIMEX]* 4
Comments on Pope's Visit *[NOTIMEX]* 6
Castro Speaks at Presentation of UNICEF Plan *[Havana TV]* 6
Socialism Defended in Wake of Soviet Decline *[Havana Radio]* 7
Commentator Views Effects of Crude Oil Shortage *[Havana Radio]* 7
Salt Sales Guaranteed Despite Difficulties *[Havana TV]* 8
Soviet, Czechoslovak Companies Cancel Contracts *[Madrid EFE]* 8
Latin American Parliament Delegation Greeted *[Havana Radio]* 8
Minrex, Caricom Hold Computer Data Meeting *[Havana TV]* 8
Health Workers in Nicaragua Hold 'Science Day' *[Havana TV]* 9

Dominican Republic

Senate President Criticized for Embargo Remarks *[Santo Domingo Radio/TV]* 9

Haiti

Candidates for New Prime Minister Proposed *[Port-au-Prince Radio]* 9
Aristide To Choose Between Bazin, Theodore *[Port-au-Prince Radio]* 9
Criteria for New Prime Minister Outlined *[Port-au-Prince Radio]* 9
Police Chief Challenges Transfer Orders *[Port-au-Prince Radio]* 10
Embargo Impact on Assembly Industry Viewed *[Port-au-Prince Radio]* 10
Dominican Official Asks OAS To Lift Embargo *[Port-au-Prince Radio]* 10
Parliamentarian Delegation in Dominican Republic *[Port-au-Prince Radio]* 10
Mulroney Promises Aristide 'Substantial' Aid *[Bonaire Radio]* 11

CENTRAL AMERICA

El Salvador

Presidency Minister Santamaria Views Peace Talks *[San Salvador Radio]* 12

Guatemala

• New Tax Laws Presented to Congress *[DIARIO DE CENTRO AMERICA 7 Nov]* 12
• Corn Crop Shortage to Reach 7 Million Quintals *[FRENSA LIBRE 7 Nov]* 13

Honduras

Trade Unions Ready To Back General Strike *[LA TRIBUNA 6 Dec]* 13
Morazanist Front Claims Responsibility for Attack *[LA PRENSA 4 Dec]* 14

* President Committed to Cabinet Status for INA *[EL HERALDO 4 Oct]* 14
* Exports Exceed 1 Billion Lempiras in 1991 *[TIEMPO 8 Oct]* 14
* Budget for 1992 'Largest in History' *[TIEMPO 10 Oct]* 15
* Military Farm Chief Reports on Army Farms *[LA PRENSA 14 Oct]* 16
* Army Expands Farming Operations *[LA TRIBUNA 14 Oct]* 16
* Armed Forces, Rural Workers Seek Solution *[LA PRENSA 12 Oct]* 17
* Farmers Confront Army Over Electrification *[LA PRENSA 12 Oct]* 17

Nicaragua

FMLN Leader Villalobos Meets With Lacayo *[Managua Sistema TV]* 18
Weapons Trafficking Charges Denied *[Panama City ACAN]* 19
Unidentified Group Kidnaps Mayor of Ciudad Rama *[Panama City ACAN]* 19
Mayor Reportedly Released *[Managua Radio]* 19
Recontra Commanders Meet With Cardinal Obando *[Managua Radio]* 20
* Bombing of Fonseca's Tomb Condemned 20
* Motives Given *[EL NUEVO DIARIO 12 Nov]* 20
* Reconciliation Urged *[EL NUEVO DIARIO 12 Nov]* 20
* FSLN Actions Defended *[BARRICADA 11 Nov]* 21
* Government Lacks Control *[LA PRENSA 11 Nov]* 21
* Hurtado on Rural Unrest, Municipal Police *[EL SEMANARIO 30 Oct-6 Nov]* 22
* Government Program Favors Rights, Ignores Poor *[EL NUEVO DIARIO 9 Nov]* 24
* Commentary Urges Change in Economic Program *[BARRICADA 1 Nov]* 26
* Tomas Borge Defends Marxism, Revolution *[EL NUEVO DIARIO 30 Oct]* 26

Panama

Panama To Attend Summit as 'Full Member' *[ACAN]* 27
Shots at Presidency Said 'Psychological Warfare' *[Panama City TV]* 28
Agricultural Development Minister Resigns *[LA PRENSA 5 Dec]* 28

SOUTH AMERICA

Argentina

Menem Sends Greetings to Ukrainian President *[Buenos Aires Radio]* 29
Economy Minister Cavallo Leaves for Washington *[CLARIN 9 Dec]* 29
Foreign Minister Assesses Trip to Japan *[TELAM]* 29
CNEA Told To Move From Chubut Property *[TELAM]* 30
* Some 10,000 Buenos Aires City Workers Idle *[CLARIN 10 Nov]* 30

Bolivia

Government Studying U.S. Extradition Request *[EL DIARIO 3 Dec]* 32
Waterway Committee Meeting Begins in La Paz *[La Paz Radio]* 32

Brazil

Collor Says 1992 Will Be 'Year of Sacrifices' *[O ESTADO DE SAO PAULO 9 Dec]* 33
Letter of Intent to IMF Details Measures *[O GLOBO 5 Dec]* 33
Werneck: Argentines Hamper Mercosur Integration *[Brasilia Radio]* 38
Peruvian Air Force Orders 10 Tucano Planes *[Brasilia Radio]* 39

Chile

Suit Filed Against U.S. on Poisoned Grapes *[Santiago Radio]* 39
Defense Ministry Communique on Arms Shipment *[Santiago Radio]* 39
Government Willing To Welcome Croatian Refugees *[Santiago Radio]* 39
Congressional Group Created With Croatians *[EL MERCURIO 1 Dec]* 40
Aylwin's Anticrime Measures Criticized *[Santiago Radio]* 40
Central Bank Vice President Appointed *[Santiago Radio]* 40

Peru

Deputies Reject Fujimori's Senate Remarks *[Lima TV]* 40
Projectiles Fired at Minister's Home *[Lima TV]* 40
France Donates $2 Million for Water Plant *[EL COMERCIO 21 Nov]* 40

Uruguay

President Lacalle Assesses Rio Group Summit *[Montevideo Radio]* 41
Advent of Mercosur 'Threatens' Military Role *[Madrid EFE]* 41
Government-Union Strike Confrontation Growing *[Buenos Aires NOTICIAS ARGENTINAS]* 42
Widening Schism Inside Communist Party Reported *[BUSQUEDA 28 Nov]* 42

Venezuela

* Students Arrested by DISIP Before Strike *[EL DIARIO DE CARACAS 8 Nov]* 43
* Oil Revenue for 1991 To Exceed $12 Billion *[EL DIARIO DE CARACAS 6 Nov]* 43

Cuba

Castro Interviewed by EL SOL DE MEXICO

Criticizes Gorbachev

PA1012200091 Mexico City NOTIMEX in Spanish 1757 GMT 2 Dec 91

[Report on first part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 2 Dec (NOTIMEX)—The Cuban people will experience "very difficult" times because of the changes taking place in Eastern Europe and the Soviet Union, Cuban President Fidel Castro has admitted.

In an interview with the local daily EL SOL DE MEXICO, the Cuban president said that there will be very harsh times as a result of the socialist disaster in Europe, "but we will know how to endure them and in the end we will emerge victorious."

Cuba will not "fall apart because we are not fragile and we uphold our ideas on very firm and solid bases," Castro said in the first part of an interview published here on 2 December.

Castro criticized Soviet President Mikhail Gorbachev and the perestroyka he created because "instead of improving the socialist system, he destroyed it."

He added that Cuba will therefore continue with its own line inasmuch as the changes experienced in the country following the Fourth Congress of the Communist Party of Cuba "are satisfactory".

He pointed out that "our task," is to discard everything "that is not good for the progress of our country and its economic and social development, as well as for the cultural, material, and spiritual well-being of the fatherland."

He emphasized the land reforms proposed by Mexican President Carlos Salinas de Gortari and the negotiations in which Mexico is taking toward a free trade treaty with the United States and Canada.

Referring to the discrediting of historical figures in the former socialist countries and the destruction of monuments to them, he pointed out that to the contrary, in Mexico "he has not seen the destruction of revolutionary monuments in honor of Obregon, Zapata, Madero, or Villa."

The Cuban president also said that his country is confronting a difficult economic situation as a result of the U.S. blockade and the reduction of trade with the Soviet Union.

Referring to how he will cope with that situation, he said that in Cuba "we are not closing any doors and we are studying certain possibilities."

He said that the economic crises must be confronted with "a more humane criteria, without leaving the people unprotected in the midst of poverty and unemployment."

He pointed out that "despite all the material restrictions, we have worked to prevent such situations and the countries must notice what we are doing."

The president added that "the great changes in Cuba have already taken place, and the only changes that we could make would be setbacks and would mean backsliding and returning to the capitalist system and the revolutionary era."

Urges Unity

PA1012200791 Mexico City NOTIMEX in Spanish 1930 GMT 3 Dec 91

[Report on second part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 3 Dec (NOTIMEX)—Cuban President Fidel Castro has proposed that Latin American countries to form a political and economic union to achieve development and independence.

In the second part of an interview granted to a Mexican newspaper, Castro said that the United States wants to turn Latin American countries "into instruments of its economic progress and political interests."

Castro stated that his proposal represents a challenge whose "objective and goal is genuinely great."

In his opinion, the Ibero-American countries showed signs of independence when they held the first Ibero-American summit last July, in the western Mexican city of Guadalajara.

"There has never been a meeting of Latin Americans convened by Latin Americans," Castro stated concerning the summit, which he described as "historic."

In addition, the Cuban president stated that before the changes in the Soviet Union, Cuba had a "really favorable" commercial relationship with the USSR, which he considered an example for the underdeveloped countries wishing to advance.

Castro claimed that the U.S. economic blockade has caused technological difficulties in some areas of production, but they were overcome with the importance placed on scientific research.

The Cuban leader said that Latin America still has time to form an economic bloc of world importance, given its great potential, "instead of kneeling down and begging that our rights and aspirations be taken into consideration."

Castro voiced his interest in establishing diplomatic relations with European countries that have reached greater levels of development than Latin American nations.

Castro said that in Central America, there are rulers "who are more capable and educated, outside those corrupt and unjust governments where it was not possible to maintain control over the economic sectors."

The Cuban president said that relations with El Salvador may change once the definitive cease-fire agreement, which is being negotiated in Mexico City, is signed. With respect to Nicaragua, he stated that "relations remain normal."

Castro described the participation of Chilean President Patricio Aylwin in Guadalajara as "serious and noble, reflecting decency in his statements." Concerning Dominican Republic President Joaquin Balaguer, Castro said that he "made a brilliant and very refined speech."

He continued that at the present time, it is difficult to differentiate between right or left, "because I see many rightists behaving like leftists and vice versa."

Castro concluded that the United States continues with its disinformation campaign on the reality of Cuba because of its power over the media.

Discusses USSR Relations

PA1012221191 Mexico City NOTIMEX in Spanish 1808 GMT 4 Dec 91

[Report on third part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 4 Dec (NOTIMEX)—The future of the relations between Cuba and the Soviet Union will depend on the outcome of the "great chaos" that nation is currently facing, Cuban President Fidel Castro has said.

In the third part of an interview granted to the Mexican daily EL SOL DE MEXICO, Castro admitted that changes in the USSR have affected bilateral relations. However, he added: "Those were not voluntary actions by the Soviet authorities."

Castro said that he is convinced that the Soviet leadership made "great efforts so that Cuba would be affected as little as possible by the events that were taking place" in that country. "Relations between Cuba and the USSR have not actually deteriorated. The deterioration stems from the fact that the chaos and disorganization in the USSR is so great that we do not know if that huge country will remain as a great multinational state," Castro added.

The withdrawal of Soviet forces stationed in Cuba is a problem that is currently under discussion, Castro said, stressing that any decision must be based on a Cuban-Soviet consensus.

He recalled that the "Soviet military base" was installed in Cuba based on an agreement between the two countries after the October 1962 crisis, as a "symbol of Soviet solidarity, a security factor, and a message to the United States that the USSR was not indifferent to Cuba's destiny."

In 1962 the USSR sent missiles to Cuba that were installed in the outskirts of Havana. The U.S. Government of John F. Kennedy viewed that action as a threat to his country. U.S.-Cuban relations worsened as a result of that situation. The tension eased when Nikita Krushchev, the Soviet leader at that time, decided to withdraw the missiles from Cuba.

Castro referred to the withdrawal of 3,000 Soviet advisers from Cuba, noting that Cuba has conditioned this measure on the U.S. withdrawing from the Guantanamo Military Base.

We are aware that "the problems in the USSR are so serious at this time that it needs assistance from the West and the United States," but the United States is taking advantage of the situation to pressure Cuba," Castro said.

In that regard, he described as a "gratuitous, and unnecessary concession to the United States" the Soviet announcement of the withdrawal of Soviet troops from Cuba as a result of an agreement reached between President Mikhail Gorbachev and U.S. Secretary of State James Baker.

Regarding the diplomatic relations between Moscow and Havana, Castro said that the number of Soviet advisers in Cuba has been reduced. "I would say that in a way this is positive, because in many cases their cooperation was not substantial," he stressed.

He added that future relations between the two countries will depend on the outcome of the discussions between the Soviet republics to sign a new treaty of the union.

Castro said that Cuban-Soviet ties will depend on the terms of the new treaty creating the union of sovereign states and on how the Soviet Union—"or whatever is left of it"—will be represented abroad.

Explains Electoral Procedures

PA1112005491 Mexico City NOTIMEX in Spanish 2159 GMT 5 Dec 91

[Report on fourth part of interview with President Fidel Castro by Mexican newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 5 December (NOTIMEX)—Fidel Castro has stated that elections in Cuba differ from those of other socialist countries and the European and Latin American democracies because candidates are chosen by the people, not by the party.

In the fourth part of an interview with the Mexican daily EL SOL DE MEXICO, Castro noted that this electoral procedure, as well as a political opening for religious believers, were some of the achievements of the Communist Party of Cuba's (PCC) Fourth Congress, held in Havana on 10 October.

Castro noted that it was decided during the congress the Cuban people will nominate and select the candidates

who will run for district delegates. He added that the people can even choose religious believers.

He noted that the admission of religious believers into the PCC was the most debated issue in meetings of provincial delegates. It was a controversial issue because there was resistance to the idea, particularly among the younger generation that does not understand that this is a key issue.

"During the congress, I thoroughly reported on the economic situation and the problems facing Cuba," Castro added.

He reported that some issues discussed during the congress included: admission of religious believers into the party, economic opening to foreign investments, party statutes and philosophy, and new ideas regarding procedures for the election of members to the National Assembly of the People's Government, as well as proposed changes to these procedures.

Regarding the election of candidates running for district delegates, Castro said that the congress agreed that the party should not appoint them, that it was the people who should nominate them. He emphasized that "this characteristic is exclusive to Cuba among socialist countries."

The people will gather in an assembly and propose their candidates (a maximum of eight and a minimum of two), who will need a majority of more than 50 percent to become a member of the Municipal Assembly which, in turn, will elect the delegates to the Provincial Assembly.

Castro added that the persons elected to the Provincial Assembly then designate the delegates to the National Assembly.

He noted that this system differs from those of other socialist and capitalist countries, where a party designates the candidates and then the people vote for the various parties.

Castro stressed that this system also worked in Cuba, "but we decided to take this step to improve the People's Government, and we can say that we reached a consensus."

Castro stated that, during the Group of Three Summit held in Cozumel in October, he informed his counterparts Carlos Salinas de Gortari of Mexico, Carlos Andres Perez of Venezuela, and Cesar Gaviria of Colombia about these achievements.

Castro added: "The Cozumel meeting was a success and Salinas de Gortari's friendship and kindness helped him tremendously in his political duties."

Calls Government 'Democratic'

PA1112005891 Mexico City NOTIMEX in Spanish 1645 GMT 6 Dec 91

[Report on fifth part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Havana, 6 Dec (NOTIMEX)—The Cuban system is democratic because there are so many people who participate in elections here and this is not seen in any other country, Cuban President Fidel Castro asserted. "The country lives from one congress to another and everybody participates. Matters that in theory used to be discussed at the party level are openly and fairly discussed at these congresses," he added.

In the fifth part of an exclusive interview to the Mexican newspaper EL SOL DE MEXICO, Castro said that politics is not the party's sole prerogative. He added: "It is the prerogative of all the masses and when an agreement is reached at one of those congresses, it unquestionably has the support of the party and the government."

"We are not going to act against the wishes and interests of the masses because there is an enormous participation here. It is not like in the United States where deputies are constantly monitoring how their town people feel," Castro added.

The people appoint their deputies to the National Assembly and these deputies are constituency delegates. "The deputies are not elected by the party machinery because the Cuban electoral system is not one of direct election of deputies; it is an indirect election system."

"The assembly can make recommendations regarding administrative matters and it is the body that makes and revokes laws. The assembly can and does decide on economic matters and many other topics," Castro explained.

In Mexico, he added, the president enjoys much authority to make administrative decisions. In other countries they can appoint ambassadors, national bank officials, deputy ministers, important officials, and even state governors, but this is not the case in Cuba. On the island, the Executive Committee can issue decrees, but these must be approved by the National Assembly, which has the highest authority; it makes the laws and can also make certain constitutional reforms that would have to be decided on by a plebiscite.

When Castro commented on the changes that were adopted at the Fourth Congress of the Communist Party of Cuba and said that he had explained these changes to the presidents of Colombia, Mexico, and Venezuela, he said that apparently "they were pleased with what we have done." The Cuban leader said that although these changes satisfied them there were a lot of pressures, many different ideas, and many variants.

He added that "there is a great deal of confusion over what democracy means. Let us just say that the world cannot get together to explain what we have and that there are some who describe the United States as a democracy." Castro said: "I have my opinion on the U.S. system. In the United States, half the population does not vote because they do not have any respect for the Constitution, the elections, or the parties. Can you imagine the level of trust there is when half the population goes to recreation sites on election day?"

He highlighted the fact that Cuba is an educated nation and does not spurn elections in this way and that "in our elections—in which it is not obligatory to vote to designate the delegates to the constituency—over 95 percent of the people always participate."

"The U.S. elections cost an enormous amount of money. They have to spend hundreds of billions of dollars and if they do not, they cannot hold elections," he noted. The U.S. president is elected by 25 percent of the votes and "after that the president does what he pleases in many things but not in all. However, he can declare war and can unleash a nuclear war," and he can threaten the survival of mankind. "If he goes crazy before somebody finds out, he has this suitcase with the atomic secrets in it and can declare a nuclear war without consulting anybody," Castro asserted. He added: "The U.S. President can burn the world seven times over with the amount of nuclear weapons he has."

Discusses Central America

PA1112010191 Mexico City NOTIMEX in Spanish 1905 GMT 7 Dec 91

[Report on sixth part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 7 Dec (NOTIMEX)—Peace in Central America is the result of events and particular political changes unrelated to the United States' direct intervention, Cuban President Fidel Castro has said.

In the sixth part of an interview granted for the Mexican newspaper EL SOL DE MEXICO, Castro said that the area's transformation began before the U.S. Government of George Bush, who "has nothing to do with the development of the events."

Castro said that, although the United States has had much to do with Nicaragua's internal politics, the pacification process in El Salvador responds to the peoples' struggle. He added: "We look with great satisfaction upon such a process, which is not to be credited to Bush."

He asserted that U.S. policy under Ronald Reagan, who was "more ideological," was different from U.S. policy under Bush, who is more "pragmatic." For several reasons, he said, the current U.S. President acts "with more hatred, particularly against Cuba." Without a doubt, he said, "Bush enjoys more power because the collapse of the socialist field and the Soviet Union occurred in his time. The United States is at its greatest height of power, haughtiness, arrogance."

He admitted that Cuba helped revolutionary movements in Latin America but that "we did not intervene in these countries. We always respected their sovereignty." Those were other times, he said. "It was a time when everyone was at war with us. Other countries allied themselves with the United States to blockade and put us asunder, as well as to liquidate the Cuban Revolution. We felt compelled to fight them. It was a fight for survival." The exception was Mexico, the only country that neither joined the blockade nor broke relations with Cuba. This is why we have never backed any movement against the Mexican Government, he said.

Castro said that Cuba has always wanted to coexist with other nations in peace, regardless of the other countries' ideologies because the Cuban people uphold the principle of "peaceful coexistence and aspire to live in this atmosphere." Times have changed, however, and "Mexico has played an important role in this change."

He recalled that relations with Cuba were reestablished when democracy returned to the various countries on the continent. "Democratization is being touted, but it cannot be said that this democratization was exported by the United States. If there is anything the United States has exported it is military coups and reactionary governments, but not democracy."

The Cuban president expressed appreciation for the democratic efforts to reestablish relations between Cuba and the United States. He said, however, that "the possibilities for any Latin American president are very limited. The United States likes to tell other countries what to do, but refuses flatly to be told what to do or how to do it."

After admitting that positive changes, such as the payment of foreign debts and the development of democracies, have occurred in the world, he warned that revolutions will continue to be latent as long as no solutions are found to poverty, hunger, and unemployment.

Comments on Foreign Investment

PA1112010591 Mexico City NOTIMEX in Spanish 2138 GMT 9 Dec 91

[Report on seventh part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 8 Dec (NOTIMEX)—Cuba's arguments for including the issue of the U.S. economic blockade on the UN agenda have been echoed, not only by Third World countries, but also by developed nations.

Cuban President Fidel Castro commented that the issue is not just to win more votes at the United Nations; the idea is to "morally undermine the U.S. position regarding the blockade."

In an interview granted to the newspaper EL SOL DE MEXICO, Castro said: "Many people find it hard to understand why Cuba is not allowed to import even an aspirin to alleviate headaches."

Asked why the Havana government withdrew the issue of the blockade imposed by Washington in the sixties from the agenda of the 46th UN General Assembly,

Castro said his government is prepared to continue to request the withdrawal of the U.S. sanctions for as long as it is necessary.

"We see the issue of the economic blockade as not just a battle lasting 24 hours, or three days, or three months; but as a lengthy battle we began this year. We began it with great strength...with great success at a time when U.S. influence is the greatest," Castro said.

In the seventh part of the interview, Castro said: "It is truly hypocritical to speak of human rights, while submitting 11 million people to a blockade of food and medicine. This is truly cruel, and it has lasted more than 30 years."

Castro asked: "Now that the famous East-West confrontation has ended and there is no more communism, who in the world can be convinced of the need to maintain a measure as cruel as an embargo on medicine to a small country such as Cuba?"

The Cuban president said the U.S. measure has not stopped his country from producing its own medicines. He said "our pharmaceutical industry is growing because it is the appropriate response to the situation."

Castro said that many countries have expressed solidarity with Havana, but because of the strong U.S. presence in various international forums, those nations could not possibly manifest their total support for Cuba as they have commitments to Washington.

Castro said the White House exerts pressure on countries that show solidarity with Cuba to make them discontinue such support. He said the Havana government understands the situation and does not wish to cause such nations any harm.

He insisted that the draft resolution calling for an end to the blockade has not been withdrawn, just shelved until next year. "That problem has not been dropped; the issue is gaining strength. That is our position, but consideration toward our friends has led us to seek an adequate formula," Castro said.

He criticized the United States privileged position within the UN Security Council, "which allows it to annul a resolution that the majority has approved." He said that, nevertheless, Washington "runs the risk of isolating itself in its struggle to maintain a position that is increasingly incomprehensible and anachronic."

In another part of the interview, Castro said Cuba is not isolated from the processes of economic blocs. "We are prepared to work with greater intensity and with greater prospects in Latin America," he said.

Castro emphasized the Mexican Government's policy of opening to other markets, not just in North America, but also in the rest of Latin America, Europe, and Southeast Asia.

"We are advancing in different areas and developing technology that could be of great interest to Latin American countries. We trust in our integration into the world economy independent of the United States," Castro said.

The Cuban head of state acknowledged that it is easier to do business with capitalist states, than with socialist ones. "In the area of financing, the investment process in socialist countries is very slow," he said.

Castro noted the difficulties involved in opening his country's economy to foreign investment. He said proposals need to be studied from the perspective of the island's development.

"We have had to create entire teams of people to study, analyze, and work in the industrial, commercial, and not to mention tourist areas," he said.

He acknowledged that "we are learning a lot from capitalism. It is no longer the caricature of capitalism described in books on revolutionary theory that, logically, painted capitalism in the worst colors and denied all its virtues," he said.

"Now, I closely observe how capitalists think, how they act rapidly and with agility, and all those things. We are more objective in our analyses, while remaining profoundly socialist," he said.

Asked about his economic relations with the former Soviet Union, Castro noted Moscow's failure to comply with prior commitments.

"The USSR used to provide 13 million tons of oil. The commitment for 1991 was 10 million tons....At present, we are operating at levels of less than 9 million tons; indeed, of less than 8 million tons a year," Castro said.

Castro added: "There is no product in the world more overpriced than oil. Its price is considerably more than the production costs, while the price of sugar is in the garbage dump on the world market."

Castro said that income from tourism increased by 40 percent in one year. "At present, we are not limited by capital but by plans. More than capital, we need constructive and creative ability," he said.

The Cuban president said that the country has learned from mixed enterprises in the area of tourism. "We are trying to have state-owned hotels operate the same as mixed enterprises in their organization, management, efficiency, costs, and profits," he said.

Noting that the pharmaceutical industry is doing well, as are biotechnological projects, Castro said: "We have the capacity to produce over 4 million tons of cement a year."

Asked about industrial development on the island, Castro said: "We are tripling our production capacity of steel rods and construction wire. We have multiplied our

production capacity of stones, sand, and construction materials in general," he said.

"We have been preparing to meet construction needs, not only for the economy, but also for housing and the people's social needs. We have now had to limit those programs to attend to priority projects," Castro said.

Comments on Pope's Visit

PA1012181391 Mexico City NOTIMEX in Spanish 1606 GMT 9 Dec 91

[Report on eighth part of interview with President Fidel Castro by Mexico City newspaper EL SOL DE MEXICO; place and date of interview not given]

[Text] Mexico City, 9 Dec (NOTIMEX)—Cuban President Fidel Castro, ruling out for the time being a visit by Pope John Paul II to the island, has said that people of religious faith joining the Communist Party of Cuba [PCC] represents a great change in the political values of Communist countries. "At the beginning of the revolution, there was a conflict with the hierarchy of the Catholic Church, but our relations with many of the churches are presently very good," he said.

In his interview with EL SOL, Castro said that members of any one religion were allowed to join the PCC in an attempt to avoid discrimination. He said that it was necessary that the amendment approved in the PCC's Fourth Congress in October "clear away this problem, particularly taking into account that the innocent had been paying for the guilty," so to speak. "We reached the conclusion that this exclusion had to be eliminated. It was not easy because the people who believed in this philosophy, this doctrine, just could not imagine a Communist with religious beliefs."

He pointed out that this change in the PCC was thoroughly debated and that a broad consensus was reached that the change" was fair. There were brilliant speeches by party members in favor of admitting people of religious beliefs into the party as members."

Castro said that Cuba wishes to keep normal relations, "respectful relations," with all churches, and that the country expects the hierarchy of the Catholic Church to reciprocate. The Communist government, he said, maintains normal and respectful relations with Pope John Paul II. He added, however, that a visit by the pope to the island is not priority at this time. "We are presently immersed in vital, decisive problems that deal with the country's survival during the special time of peace. Therefore, the pope's visit is not a priority matter of international politics at this time. We must devote all of our time to the immediate tasks at hand."

Castro said that there are "very small" opposition groups that have voiced dissatisfaction and have characterized themselves as repressed during the recent PCC Congress." [quotation marks as received]

"The news agencies will surely expand on anything that happens. We will oppose and fight any coordinated U.S. actions to liquidate the revolution." In conclusion, he pointed: The Cuban people will fight to the end to defend their ideas against this adversary, the United States, "which wants to destroy us."

Castro Speaks at Presentation of UNICEF Plan

FL1112013891 Havana Tele Rebelde Network in Spanish 1800 GMT 10 Dec 91

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has attended the presentation of Cuba's plan of action in favor of children. Dr. Richard Jolly, other UNICEF representatives, and Cuban Government officials were also present.

[Begin recording] [First unidentified speaker] This national plan of action has the following general goals: To contribute in the improvement of health care for mothers and children; to support the increase of availability of drinking water and basic hygiene until it reaches the entire population of the country; to contribute in the development of a basic head start education program for children from birth to five years of age; to promote the implementation of a public education campaign at a national level in the areas of health, hygiene, nutrition, mental development, social relations, education for life; and to manage factors in the prevention and education of juvenile delinquents. This is the commitment that the people of Cuba and their government have established in this national plan of action for the fulfillment of the goals of the World Summit for Children. Thank you.

[Second unidentified speaker] Next, we would like to invite UNICEF Deputy Director Dr. Richard Jolly to address us.

[Richard Jolly, in English with passage-by-passage translation into Spanish] Commander Fidel Castro, president of Cuba; Ministers, Ladies and Gentlemen; Comrades; Ambassadors; and Friends from the United States. Mr. President, in the name of the UN Children's Fund, I wish to reiterate our willingness to collaborate in the implementation of your government's national plan of action. We are ready to do what we can to support your efforts in implementing the goals of this national plan of action. Although our resources are small, we are putting a program to our executive board next year for a doubling of our general resource commitment to Cuba and our commitment to do all we can to raise about one-and-a-half times that amount from other sources. Now that we have the national plan of action as an instrument of our cooperation we will be opening within a few weeks a UNICEF office. It is a special satisfaction for us to do this as part of the UN family as a whole. For the sake of your children and for the continuation of the great progress you have achieved, we with other members of the international community wish you every success. Thank you very much. [applause]

[Castro] Esteemed Mr. Richard Jolly, esteemed Guests, it was not part of the program for me to give a speech. I believe this is a very serious issue to be improvising on such matters. Our minister has explained briefly the policy that we are determined to follow as well as the plan of action. Not even the smallest part of our difficulties has been kept hidden. That is why I say that in spite of these very special circumstances that our country is going through, in spite of this challenge, we can work in this field. We have doctors, many doctors with experience in tropical medicine. They are already moving into the new facilities of the Institute of Tropical Medicine which can help a lot in the study, research, and in finding solutions to diseases of the Third World. It is a matter of the efforts of intelligence. It is a matter of the work of men and their research efforts. That is an excellent installation. We are finishing an installation for disease-free breeding of animals and laboratory animals in general. These animals are indispensable to research; since the results of all research have to be tested on rats, mice, rabbits, and other animals. Even in these times there are things which we have to prioritize. Things that can contribute to health in our country and also to the development of health care in our country.

I reiterate that it has been a pleasure to have participated in this ceremony. We are very happy and honored with your presence and I can assure you that UNICEF can count on Cuba. Thank you very much. [applause] [end recording]

Socialism Defended in Wake of Soviet Decline

FL1012183191 Havana Radio Rebelde Network in Spanish 1255 GMT 10 Dec 91

[Orlando Contreras commentary: "Our Opinion"]

[Text] According to recent events, the Soviet Union has ceased to exist. Socialism, therefore, does not exist in the Western Hemisphere, except in our country. The Communist Party has been outlawed in most of what used to be the USSR, in what used to be its economic and political center. A market economy has been adopted there; this is a decision that only concerns the people and authorities of those states. Does this mean that socialism has died?

I propose an historical analysis of the problem, putting aside all emotional aspects. In other words, how or when does an idea or the premise of an economic, social, and political system, with its corresponding ethical or judicial corollaries and its values, die or vanish forever? Feudalism died forever because it could not satisfy the needs of the masses. It deterred the development of productive forces. It based power on the privileges of the nobility and a mandate from heaven.

Capitalism caused an enormous development of productive forces. But today, having turned into a phenomenon of monopolized concentration of wealth, does it satisfy the needs of the masses? For a system to be feasible, it must be a model for all, a goal that all can and want to obtain. Let us imagine an ideal world, without the injustices and inherent selfishness of capitalism. In other words, for the sake of this analysis, I am not proposing capitalism as it is, but an ideal capitalism and a market economy that would benefit everyone. If it benefited everyone, everyone would have to reach the same level as the countries that have most successfully applied capitalism.

It is estimated that in the United States, the model country of capitalism and the so-called market economy, there is one automobile for every two or three people. If China, India, and Latin America—which adds up to some 2.5 billion people—were to reach the same average as the model consumer society, there would have to be some 700 or 800 million automobiles. If this were true, if the energy consumption of China, India, and Latin America equaled that of the United States, one barrel of oil would cost some $200 today, or the world would run out of oil in less than a generation.

The United States and the other wealthy Western nations send thousands of tons of toxic wastes into the atmosphere, oceans, and rivers every day, to the point that they are producing atmospheric warming and poisoning the waters. What would happen if all underdeveloped countries produced the same amount of toxic waste from their consumer industries? In today's world, which is dominated by capitalism and the consumer society, the problem of starvation has not yet been solved, and it affects more than one fifth of the world's population according to conservative estimates. Two thirds of the 5 billion people in the world suffer various kinds of deprivation. What would happen if all countries consumed the same amount as the United States?

The great premise of capitalism and the consumer society is to maintain the privileges of a few and condemn the masses to poverty, underdevelopment, and the most abominable subjection. Is this a just system? Can it survive as a valid premise for all mankind? Today, the market economy and capitalism offer a mirage of success. Today, there are 5 billion people in the world. In 30 or 40 years, the world population will be about 7 billion. Only socialism, as a system, offers a global solution to the problems of mankind, with equality and a view of life based on the human condition. The other system is a jungle, with an insatiable minority that lives at the expense of the basic needs of the masses; it cannot last forever.

Only socialism, undoubtedly perfected in its practice, offers real solutions to mankind, to all men, women, and children who live on the face of the earth. Capitalism and its market economy are intrinsically conservative. Its ideas are old; its practice is profoundly selfish, unfair, and inhumane.

Commentator Views Effects of Crude Oil Shortage

PA1012224991 Havana Radio Havana Cuba in Spanish 1408 GMT 10 Dec 91

[Roberto Morejon commentary]

[Text] The uncertain future in the relations between Cuba and the Soviet Union has particular repercussions on crude oil supplies. Shipments to the island continue to be reduced, beginning in the second half of 1991. Oil shortage is what affects Cuba's economy the most. The Soviet Union has been shipping oil to this Caribbean island for the past 32 years. At present, Cubans are working with half the crude oil they formally received. Until late last week, not a single ton of the crude oil scheduled to be received in December had been shipped from the Soviet Union. Up to and including October, there was an accumulated deficit of 540,000 tons.

When there are delays in the arrival of crude oil, the Cuban economy immediately feels the consequences because of the island's dependency on crude oil for energy. Several development programs had to be postponed. The start of the sugar crop and the food program are threatened. Local television announced the recent adjustments in highway, air, and railroad transportation and urged the Cuban people to refrain from traveling to other provinces.

Under such difficult circumstances, the country has made great efforts not to curtail the generation of electricity, which depends on oil-fueled thermoelectric plants. Providing electricity in Cuba means servicing close to 94 percent of nearly 11 million Cubans, both in urban and peasant areas. In the formerly backward provinces in the eastern area, for instance, approximately 200,000 homes were provided with electric power in the past few years. This placed Cuba among the leading countries offering this service. All Cubans share the benefits of modern life. When oil supplies are deficient, the effect is equally severe on the entire population.

Salt Sales Guaranteed Despite Difficulties

FL1112000791 Havana Tele Rebelde Network in Spanish 1800 GMT 10 Dec 91

[Text] The Salt Enterprise of Guantanamo will continue to guarantee the unregulated sale of salt throughout the country despite the fact that transportation restrictions and operations difficulties in its refineries are hindering the goals of this year's plans for extraction and refinement of this mineral.

The plant produces approximately 70 percent of the salt consumed in the country. By the end of November it had produced more than 54,000 tons of salt for human consumption. This volume of production has allowed the union of mineral salt enterprises to meet the demands of the public, the food industry, and other state clients as well as being able to currently rely on reserve stocks to meet the demands of the coming weeks.

Nevertheless, the immediate perspectives are very favorable since the Guantanamo plant has enough reserves in its drying beds to guarantee the operation of its refinery mills for another six months. The plant is planning to process approximately 9,500 tons of table salt by the end of December and expects to begin the new year with high production levels.

Soviet, Czechoslovak Companies Cancel Contracts

PA1012221991 Madrid EFE in Spanish 1918 GMT 9 Dec 91

[Text] Havana, 9 Dec (EFE)—Two Soviet companies did not meet their contracts and a Czechoslovak company canceled its contract with the Cuban company "Cubafrutas," according to reports received on 9 December from that company's citrus fruits export department.

Hipolito Garcia, head of the "Cubafrutas" department, said that the two Soviet companies were not able to meet their contracts because they could not pay cash for the high cost of renting the ships. The Czechoslovak company simply canceled their contracts.

The Cuban businessman said that efforts are being made to find a solution to the marketing of the citrus fruit, as well as fresh fruit. Meanwhile, the level of exports of grapefruit juice concentrates has increased as they have wide acceptance on different markets.

November is a crucial month for the grapefruit harvest. Out of the 15,789 tons scheduled to be shipped, only 3,285 tons have been exported.

Cuba is considered the world's largest citrus fruit producer; its 1990 production was over 1 million tons.

Latin American Parliament Delegation Greeted

FL1012235991 Havana Radio Reloj Network in Spanish 2051 GMT 10 Dec 91

[Text] Humberto Celli, president of the Latin American Parliament, has arrived in Cuba at the invitation of the National Assembly of the People's Government [ANPP]. Juan Escalona, president of the ANPP; Manuel Pineiro, member of the Central Committee; and Zoila Benitez, vice president of the ANPP and a member of the Latin American Parliament; as well as other officials and leaders greeted Mr. Celli at the airport.

The delegation, headed by Celli, is composed of Timoteo Sambrano Guedes, deputy and vice president of the Venezuelan Democratic Action Party; and advisers Gilberto Carrasquero, Asdrubal Cubita, and Antonio Jose Nacem. During their stay in Cuba, the members of the Latin American Parliament delegation will tour sites of scientific interest and hold official talks with ANPP leaders.

Minrex, Caricom Hold Computer Data Meeting

FL1012034591 Havana Tele Rebelde Network in Spanish 0100 GMT 10 Dec 91

[Text] The first meeting on data and computing of the Cuban Foreign Ministry [Minrex] and Caribbean Community [Caricom] countries began today as part of the UNESCO intergovernmental program on computing.

Members of the foreign ministries of 12 Caricom countries are participating in the event to acquaint themselves with Cuba's experiences in this area. In the last 10 years our country has collaborated with several Asian, European, and American states on the subject of computers, particularly computing and automated systems. Thus, this meeting opens a new period for Latin American and Caribbean integration because for the first time a meeting of this kind is being held directly with Caribbean representatives.

In the initial session, Cuban Foreign Minister Isidoro Malmierca pointed out the techniques implemented in his ministry to process and evaluate a wide range of data, which is basically political and of great importance for our country and the international community. Likewise, he made reference to the advanced training courses and workshops given by the Minrex to Cuban as well as foreign specialists.

Caricom, which was created in 1973, is the organ of the Caribbean economic community and includes most of the countries of the region. Beginning today, and for several more days, the delegates from these states and Cuba will exchange experiences in computing for foreign ministries and will analyze the future perspectives of the Caribbean countries in this important area which is basic for regional integration and cooperation.

Health Workers in Nicaragua Hold 'Science Day'

FL1012134391 Havana Tele Rebelde Network in Spanish 1100 GMT 10 Dec 91

[Text] The Cuban health professionals on internationalist missions in Nicaragua will hold a national science day on 13 December, with important contributions to the development of medical science in that country. Cuban and Nicaraguan specialists and research teams made up of doctors from both countries will participate as speakers at the meeting, with the aim of contributing to the scientific development of the 100 Cuban doctors who are providing services free of charge in Nicaragua. The Cuban medical mission in that country provides almost all the specialized public care in Bluefield and a high percentage of public consultations in the rest of Nicaragua.

Dominican Republic

Senate President Criticized for Embargo Remarks

FL1112015191 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1626 GMT 10 Dec 91

[Text] Engineer Jose Osvaldo Leger, president of the Senate, has called for the immediate end of the blockade imposed on the neighboring Republic of Haiti. Nevertheless, his colleagues from the opposition discredited his request because they were not invited to the meeting which Leger held with a Haitian Parliament delegation. The Dominican Liberation Party representative said that the Senate president could not speak for the Senate because he had not sought the necessary consensus. He also said that the Senate as well as the Chamber of Deputies had opposed the coup d'etat against President Jean-Bertrand Aristide.

Haiti

Candidates for New Prime Minister Proposed

FL1012205591 Port-au-Prince Tropic FM in French 1630 GMT 10 Dec 91

[Text] According to a well-informed parliamentary source, the senators of the Republic have proposed to President Aristide three political individuals for the choice of a new prime minister. These three individuals are: Marc L. Bazin, leader of the Movement for the Establishment of Democracy in Haiti; Rene Theodore, leader of the Unified Party of Haitian Communists; and Duly Brutus, Chamber of Deputies president.

Aristide To Choose Between Bazin, Theodore

FL1012211191 Port-au-Prince Radio Galaxie in Creole 1115 GMT 10 Dec 91

[Report by correspondent Harry Joseph from the Dominican Republic—live]

[Text] A reliable diplomatic source in Caracas, Venezuela told us that Father Jean-Bertrand Aristide has received a list of two [as heard] individuals who could become the Haitian prime minister. Aristide must choose one of them. These two citizens are Rene Theodore and Marc Bazin. I must tell you that this news comes from a diplomatic source in Caracas whom everyone can trust as it comes from Father Jean-Bertrand Aristide himself.

Criteria for New Prime Minister Outlined

FL1012200791 Port-au-Prince Radio Metropole in French 1700 GMT 9 Dec 91

[Text] Forty-nine Haitian parliamentarians, 40 deputies, and nine senators who favor the return to power of the overthrown president have written Father Aristide a letter—a copy of which was sent to the press agencies—listing eight conditions for the appointment of a new prime minister. According to these parliamentarians, the new prime minister should be chosen from outside the Parliament and not belong to the political parties responsible for the coup d'etat but he should have good relations with the Parliament. The prime minister would also have to inspire the masses, the international sector, the commercial and industrial sectors, the bourgeoisie, and the Army. He should also be a member of a party or a representative of a political front.

The signatories of this letter gave their assurances to Father Aristide that if these criteria are not respected,

the Chamber of Deputies will not be prepared to approve the nomination of the prime minister. The nomination is expected this week in Port-au-Prince as the first step in solving the political crisis which started on 30 September. According to Senator Serge Joseph, the future choice should be based on a person willing to conciliate and to mobilize.

A list of 12 candidates submitted to the Parliament by the overthrown president was rejected by the senators as being too close to Father Aristide. OAS mediator Augusto Ramirez Ocampo, former Colombian foreign minister, stated that the outcome of his 48-hour mission in Port-au-Prince was that we are headed in the right direction.

Police Chief Challenges Transfer Orders

FL1012225391 Port-au-Prince Tropic FM in French 1630 GMT 10 Dec 91

[Text] According to journalistic sources, Major Michel Francois, the current Port-au-Prince police chief and main instigator of the 30 September coup d'etat, reportedly resisted two transfer orders from his superiors at the beginning of last week. Michel Francois has reportedly refused, in the first instance, to go abroad as a military attache, then as commander of a military department in the province, notably in Jeremie.

Embargo Impact on Assembly Industry Viewed

FL1012224091 Port-au-Prince Radio Metropole in French 1145 GMT 10 Dec 91

[Text] Some 32,000 jobs have been lost and $20,000 have been lost in profits so far. This is the estimate of several people in charge of the assembly industry, six days after the embargo ordered by the American authorities, in agreement with the OAS, was completely implemented. The people in charge of the assembly industry had to stop their activities on 5 December inasmuch as they were unable to export their products to foreign markets, particularly to the United States. They had to dismiss their entire staff of approximately 32,000 workers.

These industries were bringing in $6 million per month and were distributed in payments, rental of buildings, etc. These earnings were sustaining the local market in the purchase of domestic products. Out of the 160 factories established in Haiti, at least 20 of them are still operating with a reduced staff.

It is to be noted that a number of manufacturers have left the country and that others have closed their doors. The outlook for a return depends partly on the status of the crisis. If it lasts until next month, all the assembly industries will have to leave the country for friendlier places. This is the comment being heard in the assembly industry world. The people in charge of the assembly industry are wondering if also the banking system will not be greatly affected because the majority of these firms are financed by banks established in Haiti.

The transport sector, closely linked with these firms, has been hit hard because most of the schools are still closed. The local industry is also very affected because it primarily depends on the import of raw material. Furthermore, local producers have to suffer greatly in order to distribute their products. The major cities in the provinces are inadequately supplied or not supplied at all. This causes prices of numerous products to go up. Local producers might run out of stock if no solution is found in the coming months to the crisis the country is facing.

Farmers are also affected by the embargo. Coffee and cocoa will remain on the wharf. The harvest season is here and the price of coffee has dropped at the local market. This situation affects the income of small farmers.

The slowing down in construction is caused particularly by a 30 percent price increase of the products used in that sector. For most economists, Haiti's current economic profile is one of deterioration in the productive sector and discouragement of the initiative spirit.

Dominican Official Asks OAS To Lift Embargo

FL1012213391 Port-au-Prince Radio Galaxie in Creole 1100 GMT 10 Dec 91

[Excerpt] The embargo must be lifted as soon as possible. It is an arbitrary measure that has caused many social and humanitarian problems in a poor country such as Haiti. That is what the Dominican Senate president stated at the conclusion of a meeting with members of the parliamentary delegation that was visiting the Dominican Republic from Saturday 7 December to yesterday 9 December.

The Dominican Senate president also called on the international community to show its sensitivity to the sufferings of Haitians and to use all diplomatic means to make the OAS see the necessity in reviewing this measure that threatens the lives of the people in Haiti. [passage omitted]

Parliamentarian Delegation in Dominican Republic

FL1012205091 Port-au-Prince Radio Galaxie in Creole 1115 GMT 10 Dec 91

[Report by correspondent Harry Joseph from the Dominican Republic—live]

[Text] Yesterday morning, the visiting Haitian parliamentarians received several journalists in the lobby of the Embajador Hotel where this delegation was staying. I am going to share with you numerous statements made by these senators.

First, Haitian Parliament President Dejean Belizaire told the press yesterday that, in order to save its prestige which is in danger, the OAS has imposed a criminal embargo on Haiti without taking into account the real problems that existed in the country and the many violations of the Constitution by Father Aristide. Of course, although the parliamentarians understand that

the OAS could apply the law of the stronger, they want to negotiate honestly with Aristide.

As regards President Aristide's return, Belizaire stated: This will depend on Aristide's acceptance to choose one of the national consensus candidates proposed to him as Haitian prime minister. Engineer Belizaire went on to say both Aristide and the OAS made a mistake by thinking that democracy in Haiti is not possible without Aristide. He also said that the democracy advocated by Aristide did not respect the institutions of the country with regard to either human rights or lives and properties.

For his part, Senator Bernard Sansaricq said that the OAS is very aware of the country's realities but as their prestige is at stake they are forced to negotiate with the Haitian Parliament for Aristide's return because they do not want to (?retract their initial decision). Senator Sansaricq went on to say Father Aristide wants to divide the two chambers by presenting Chamber of Deputies President Duly Brutus as Haitian prime minister. Furthermore, he said the embargo decided by the OAS against Haiti could spark epidemics that would certainly have an effect in the Dominican Republic.

In the afternoon of 9 December, we contacted the president of the Dominican Chamber of Commerce, namely Haitian-Dominican [preceding two words in Spanish] Cristobal Paulino. He told us that he invited the senators to come to the Dominican Republic. He arranged the contacts with the parliamentarians here with the objective of planning several common projects for the two nations. These projects specifically concern the field of energy, agriculture, reforestation, and telecommunications. As a senior manager in the telecommunication service here in the Dominican Republic, he told us he would do all he could to help with the development of telecommunications in Haiti.

We must tell you that the Haitian parliamentary delegation left for Haiti yesterday afternoon. We promise to prepare a more detailed report for you because we must tell you again we have several statements in Spanish. We will translate them so everyone can follow the events.

Mulroney Promises Aristide 'Substantial' Aid

FL1112131391 Bonaire Trans World Radio in English 1130 GMT 11 Dec 91

[Text] Canadian Prime Minister Brian Mulroney has promised Haitian President Jean-Bertrand Aristide substantial aid when democracy is restored in Haiti. The amount was not specified. Mr. Aristide met with Mr. Mulroney in Ottawa yesterday, thanking him for Canada's support of the Organization of American States sanctions against Haiti's provisional government.

It does not look like the United States can expect much assistance from Caribbean nations to help take in Haitian refugees. The U.S. had called on OAS members to help take in some of the refugees. So far, Belize, Trinidad and Tobago, and Suriname have said yes, but the OAS Assistant Secretary General Christopher Thomas explains that most Caribbean leaders are more concerned with achieving a political solution for Haiti than they are with taking in refugees.

El Salvador

Presidency Minister Santamaria Views Peace Talks

PA1112035691 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 10 Dec 91

[Text] Salvadoran Presidency Minister Oscar Santamaria has declared that the Salvadoran peace process is at a critical moment and that the signing of a definitive cease-fire agreement will be achieved with the goodwill and the understanding of both parties. Santamaria told reporters at San Miguel de Allende, Mexico that the Salvadoran people deserved respect. He added that the Salvadorans must continue to believe that the civil war, which has been ravaging the country since 1969, will end.

Salvadoran Government and FMLN [Farabundo Marti National Liberation Front] delegates have been meeting in San Miguel de Allende, Guanajuato, in central Mexico, since 25 November, to attain peace for this Central American nation. Peruvian Alvaro De Soto represents his compatriot UN Secretary General Javier Perez de Cuellar at the peace talks and Santamaria heads the government delegation. Santamaria reaffirmed that the peace negotiations will continue in New York on 15 December and are the last phase of the peace process. In San Salvador, there is a generalized demand that the confrontation end before the end of the year. This will only be achieved with a large amount of political will on both sides, Santamaria noted.

Guatemala

* New Tax Laws Presented to Congress

92CA0039A Guatemala City DIARIO DE CENTRO AMERICA in Spanish 7 Nov 91 p 2

[Text] The five draft laws designed to modernize the tax system and presented to the leadership junta of the Congress of the Republic yesterday by the secretary for legislative affairs at the Presidency of the Republic, Juan Carlos Simons, represent a veritable tax revolution. In all, they involve income of 995.5 million quetzals already included in the national budget for the 1992 fiscal year.

The draft laws call for changes in the Income Tax, amendments to the Value Added Tax (IVA) Law, changes in the tax on crude oil and its derivatives, amendments to the law governing stamped paper and seals, and the standardization of Part II of the Central American Customs Duties Scale, which pertains to imported automobiles, liquors, etc.

The only part of the tax modernization effort remaining to be submitted to the Congress, Secretary Simons Solis said, is the draft law on the territorial tax. However, it is still in the process of being discussed by the ministry and the private sector, so that it will be next year before a consensus is reached and presented the Congress of the Republic. Naturally, the income which will be generated by this new tax—it represents a change from the present single tax on real estate—is not included in the draft budget for 1992.

The secretary for legislative affairs at the Presidency indicated that the reason there has been some delay in submitting the projects to the Congress is that the Ministry of Finance engaged in an exhaustive preliminary discussion of it with the private sector, the Finance Commission of the Congress, and the various parliamentary benches. However, this is offset by the fact that when it comes time for discussion in plenary session, there will be no delay, since all of the parliamentarians understand the issue, Simons Solis said.

This modernization effort involves a basic change in the whole Guatemalan tax system, with a view to simplifying and standardizing it.

Simons Solis also said that the executive branch is prepared to submit a draft of a new organic budget law at the beginning of the year, so that for the 1993 fiscal year, operations on a modern technical basis will be possible.

He emphasized that approval of the State Income and Expenditure Budget is of great importance to this package of five new laws, since it includes about 1 billion quetzals for investment.

Additional Sessions

So that the deputies will have adequate time to approve the budget and the tax modernization draft, the secretary for legislative affairs at the Presidency of the Republic suggested to the various benches and the leadership junta of the Congress that the number of plenary sessions be increased from the present three to six. In other words, the legislature would meet from Monday to Friday until the end of the year.

He said that this proposal was well-received, above all because there are other draft laws which should be approved or at least dealt with, such as the amendments to the organic laws governing the IGSS [Guatemalan Social Security Institute] and the Criminal Procedures Code.

The budget must be approved by the 30th of this month, at the latest, according to the political Constitution, but these other drafts remain of the greatest importance, Simons Solis stressed.

If approval is not obtained within this period, the present budget would have to continue in effect, but this would mean a delay in the investment plans for 1992. However, the executive branch believes that there is an adequate awareness in the Congress of the progress possible for the country with this investment, and that as a result, the increase in the number of weekly sessions, with the inclusion of three extraordinary meetings each week, will be accepted. The draft laws will have to be discussed sooner or later, Secretary Simons Solis said, and sooner is better.

* Corn Crop Shortage to Reach 7 Million Quintals

92CA0039B Guatemala City PRENSA LIBRE in Spanish 7 Nov 91 p 3

[Text] The government may authorize imports of corn because there is a local production shortage of 7 million quintals, Minister of Agriculture, Livestock Breeding, and Food Adolfo Boppel Carrera, who is an agronomical engineer, has confirmed.

This official emphasized that the drought in recent months caused by the "Nino Current" is beginning to have an effect on the crop-raising sector. This is because as a result of this phenomenon, some plantings of grain failed to grow sufficiently, and the harvest suffered substantial losses.

Boppel Carrera said that while the harvest last year came to 27 million quintals, a total of only 23 or 24 million is expected this year. This quantity is insufficient to meet domestic demand, since national consumption runs to more than 30 million quintals.

However, he added, it will be necessary to wait for the end of the harvest in order to determine the total amount of the deficit. The possibility of imports will have to be analyzed after the grain harvest mentioned has been completed, he said.

With respect to the bean and rice harvests, Boppel Carrera termed them positive, and he expressed the certainty that the quantities produced will be sufficient to meet Guatemalan consumer demand.

Honduras

Trade Unions Ready To Back General Strike

PA0812020291 Tegucigalpa LA TRIBUNA in Spanish 6 Dec 91 p 8

[Text] The announced strike in support of the National Enterprise for Electric Power Workers Union (STENEE) was outlined on 5 December by consensus at a meeting of leaders of trade unions and peasant, cooperative, and teachers organizations.

The meeting was installed at 1730 at the headquarters of the Union of the Honduran Social Security Institute Workers (SITRAIHSS) after the government position of not negotiating the reinstatement of approximately 100 ENEE employees who were dismissed, including STENEE President Gladys Lanza, became known.

The delegates had received a note from Francisco Guerrero, secretary general of the Confederation of Honduran Workers (CTH) stating that he would be arriving late because he was attending a meeting of the CTH Executive Committee, but nevertheless expressing his support for the strike.

After Lanza explained to the assembly the origin of the labor conflict, noting that it was due to the intransigent attitude of ENEE's management, which has treated them as "undesirable," the delegates reported on the mandate they received from the rank and file membership, which was consulted during the week.

Lanza said that on 6 December they will present "a recourse against the ENEE's repressive actions, but we already know that it will be rejected, because those people are full of arrogance because they are in power."

Rene Madrid, delegate of the Trade Union of Medical, Hospital, and Related Workers (SITRAMEDHYS) stressed that what made the meeting important was deciding what actions will be taken. "We already know of the blows that have been dealt against us; the upcoming presidential summit will be an opportunity to show who we are and how organized we are."

Julio Chavez, representative of the General Central Organization of Workers (CGT), on behalf of Felicito Avila, said that "STENEE is not begging us for solidarity; it is our duty to offer it."

He admitted that for simple reasons we sometimes lose that sense of solidarity, but that the mandate of our Executive Committee is to support the strike called by the United Federation of Honduran Workers (FUTH).

Israel Salinas, president of the Independent Federation of Honduran Workers (FITH), said that "the government has warned that it is ready to repress a strike; well, we will also show our force."

"We must repeat the 1954 feat by taking to the streets," said the representative of the National Union of Peasants (UNC).

Meanwhile, Amilcar Tome, president of the Association of Honduran High School Teachers (COPEMH) said that "this is the best time to declare a struggle against the government."

The harshest words came from Rafael Alegria, president of the National Federation of Rural Workers (CNTC), who said that "peasants, members of cooperatives, teachers, and workers together are capable of overthrowing a government, and perhaps tomorrow will be too late if we do not support the STENEE movement."

The presidents of the Platform for Struggle [Plataforma de Lucha] and of the FUTH, Nahun Calix and Hector Hernandez respectively, also voiced their support.

After a consensus was reached, a commission of labor confederations continued to meet to put together the strategies for the general strike.

The agreement reached was that a general strike could begin at any time after 5 December, whether or not the high-level commission calls the unions to a dialogue.

Present at the meeting were the top leaders of the labor confederations, including Nahun Calix, president of the

Platform for Struggle, and Hector Hernandez, president of the FUTH, to which the STENEE is affiliated.

Morazanist Front Claims Responsibility for Attack

PA0612191491 San Pedro Sula LA PRENSA in Spanish 4 Dec 91 p 5

[Communique issued by the Regional Investigations Office in San Pedro Sula on 3 December]

[Text] The Regional Investigations Office informs the general public:

1. That according to the preliminary investigations conducted by special agents with regard to the explosion that took place at 2120 on 2 December in a storage tank at the Honduran Brewery, located in the northwestern part of the city, it has been confirmed that the tank has a 15-cm hole at a height of 20 meters above ground. Several pieces of olive green aluminum and bronze shrapnel were found on the ground, with a black can that could be part of the lot number of the projectile that was hurled at the tank from an estimated distance of 100 meters. This resulted in heavy damages that have not yet been quantified. No personal damage was reported.

2. In a communique broadcast over the radio, the Morazanist Patriotic Front has just claimed responsibility for the criminal attack against the installations of the Honduran Brewery.

3. We strongly condemn this criminal attack, which endangered the lives of hundreds of innocent people.

4. This incident demonstrates that these small groups of criminal terrorists are being politically suffocated, but they still resist returning to civilized life as some of their comrades have done.

San Pedro Sula, 3 December 1991
Public Relations Office, II CORE FSP [not further identified]

* President Committed to Cabinet Status for INA

92CA0035A Tegucigalpa EL HERALDO in Spanish 4 Oct 91 p 44

[Text] The National Agrarian Institute (INA) requires approximately 32 million lempiras to operate during 1992: in other words, 14 million more than the amount appropriated for this year. The amount is based on an estimate made by the new authorities of that state agency, responsible for giving an impetus to the agrarian reform process.

The INA's acting director, Guillermo Maradiaga Andino, remarked that they have already reported the financial requirements for next year to President Rafael Leonardo Callejas.

He added: "We need about 32 million lempiras in order to be able to carry out all the activities that we have stipulated in our operational plan."

He noted that a meeting has been held with the finance minister, Benjamin Villanueva, to discuss the INA budget and to accelerate some funds making it possible to operate; because they currently have only enough money to pay wages and salaries.

The INA's assistant director, Daniel Reyes Soto reported that the institution was allocated a budget of 18 million lempiras for 1991, plus 5 million that were to come from external funds.

Nevertheless, the external funds were never transferred and, consequently, the INA is being run with only 18 million. Nearly all of this amount is being used to pay wages and salaries.

During Rafael Leonardo Callejas's government the institution's budget has been drastically reduced, giving the impression that it will be cut to its minimal size. This has been stipulated in the draft Law for Agricultural Modernization and Development.

The institution's top-ranking authorities commented that the president has committed himself to raising the INA to the status of a ministry.

They also announced that, within the next few days, the peasant leaders will meet to discuss matters relating to agriculture, as well as the draft law for agricultural modernization and development, which has been rejected by the reformed sector.

* Exports Exceed 1 Billion Lempiras in 1991

92CA0035G San Pedro Sula TIEMPO (MARTES FINANCIERO) in Spanish 8 Oct 91 p 1

[Text] Exports in national currency increased 38 percent during the first half of this year, compared with the same period of 1990, insofar as the northwestern zone is concerned. The latter includes the departments of Cortes, Santa Barbara, Copan, Yoro, Atlantida, Islas de la Bahia, and Colon.

Nevertheless, this increase could be partly due to the fact that the exchange rate for the lempira with respect to the dollar has been varying since 12 March 1990. To date it has risen from 4 lempiras per dollar to 5.30 per dollar on the official market.

This possibility is due to the fact that exports in dollars during the first half of this year have less value when the conversion is made: 1,052,244,278.33 lempiras represent $198,536,656.29. During the first half of 1990, on the other hand, the total exports amounted to 657,230,847.09 lempiras.

In the first half of 1990, the total exports to the United States were valued at 291,960,531.96 lempiras; to Europe, 266,900,989.20; to Central America, 20,404,151.98; and to other countries, 77,965,174.00. The total value was 657,230,847.09 lempiras.

For the same period, but in 1991, exports to the United States totaled 348,023,907.19 lempiras; to Europe, 424,152,123.90; to Central America, 31,340,782.85; and to other countries, 248,727,464.39 lempiras. The total value was 1,052,244,278.33 lempiras.

The difference between the total exports for those two periods is 395,013,431.24 lempiras. This reflects a 38 percent increase, which might not be real because of the devaluation.

Exported to the United States, besides the traditional products (bananas, coffee, and sugar) were decorative plants, wicker furniture parts, cigars, cocoa, wood products, cheese, butter, plantains, pieces of fruit, lemons, melons, sausages, clay tiles, sealing compound, metal products, fiber cements, and plastic products.

Exports to the European market were: decorative plants, to Germany, the Netherlands, and Belgium; cigars, to Great Britain and Germany (a country to which coconuts and pineapple were also sent); melons and watermelons, to the Netherlands, Great Britain, Belgium, and Italy; banana products (slices and puree), to Belgium and the Netherlands; grapefruit, to France and the Netherlands (a country to which mangoes and sesame seed were also exported); and tabasco peppers and plantains, to Italy.

Exports were also sent to other markets, for example: banana products and decorative plants, to Japan; and sesame seed, wood products, and plantains, to Canada. Cigars, decorative plants, marble, and banana products were sent to Switzerland; melons, to Sweden; and bananas, to Finland and Hungary.

* Budget for 1992 'Largest in History'

92CA0035F San Pedro Sula TIEMPO in Spanish 10 Oct 91 p 3

[Text] Tegucigalpa—The deputies are preparing to discuss the General Budget of Revenues and Expenditures of the Republic during the final sessions of the second legislature. It is the largest in the history of Honduras and, according to experts, will cause inflation to accelerate.

The draft budget sent to the National Congress exceeds by 765.5 million lempiras (81 percent) the one approved for fiscal year 1991, and is three times larger than that approved in 1989.

The estimate of the draft budget, now in the deputies' hands, totals 4,831,528,464.00 lempiras.

This "voluminous" budget, as the Callejas administration explains, is warranted "because the government of the republic has been forced to adopt measures for a structural adjustment of the economy. This entails the application of new concepts and treatment in the government's accounts and operations."

It adds: "These decisions have caused a sharp increase in the item pertaining to the public debt because, to pay the foreign debt, foreign currencies have to be purchased at the bank exchange rate existing on the market, and not at the official exchange of 2 x 1 set by the Central Bank of Honduras [BCH]. This has resulted in an increase of 765.5 million (81 percent) over the budget approved in 1991, and a budget three times larger than that approved in 1989."

According to the explanation of reasons, "the aforementioned adjustment process involves a rise in the production costs of various services, especially if imported components are used. It also means an increase in prices on the national market, which affects the costs of the services provided by the government."

They claim that, of the estimated sum of 4.8315 billion lempiras, 59 percent (2.85 billion lempiras) will come from current revenues, and 41 percent (1.9815 billion lempiras), from capital revenues.

They also explain that, in comparison with the budget approved for 1991, current revenues have undergone an increase of 367.5 million. This represents a growth rate of 14.8 percent, owing to the measures in the "big package," which taxed consumption of luxury goods. The package calls for administrative improvements in the tax system, and regulating the state enterprises' and decentralized agencies' obligation to transfer their profits to the government.

For 1992 they anticipate that the implementation of the "big package" within the tax system "will become reinforced through the application of measures with a continued effect on the earnings from current revenues."

Among these measures they cite the repeal of the exemptions and privileges stipulated in the general and special laws, the customs valuation of goods made based on a factor decided by the BCH, the conversion of the taxes on production and consumption which were of a specific type into ad valorem taxes, and the reforms approved for the Income Tax Law.

They announce that they "plan to continue taking action in the area of tax policies, including the intensification of efforts to supervise all sectors of the tax system, so as to improve collection and expand the universe of taxpayers."

They project that gross capital revenues will amount to 1.9815 billion lempiras, comprised mainly of 550 million lempiras in internal credit from the BCH; 304.7 million coming from external loans; and 332.7 million in donations or transfers coming from friendly governments and countries; as well as 100 million from the sale of assets (public enterprises); 48 million recovered from loans granted by the government in previous years; and 646.1 million from sectorial loans.

Projected for the Legislative Branch is 30.3 million lempiras (30.2 million in 1991); for the Judicial Branch, 28.6 million (25.6 million); and for the Electoral Agency, 20 million (16 million).

Projected in the Executive Branch are: Presidency of the Republic, 24.6 million (20.6 million); Ministry of Interior and Justice, 94.5 million (39.5 million); Ministry of Foreign Affairs, 48.3 million (39.1 million); and Ministry of Defense and Public Security, 247.5 million (247.5 million).

Ministry of Economy and Commerce, 19.2 million (18.1 million); Ministry of Finance and Public Credit, 62.6 million (47.2 million); Office of the Attorney General of the Republic, 2.8 million (2.5 million); Ministry of Public Education, 681.2 million (559.6 million); Ministry of Public Health, 485.0 million (417.9 million); Ministry of Culture, 11.6 million (8.3 million); Ministry of Labor and Social Security, 41.7 million (37.6 million); and Secopt [Secretariat of Communications, Public Works, and Transport], 392.3 million (293.1 million).

Ministry of Natural Resources, 128.3 million (129.1 million); Secplan [Secretariat of Planning, Coordination, and Budget], 20.8 million (17.4 million); Public Debt, 1.7107 billion (945.1 million); and Centralized Public Spending Services of the Executive Branch, 782.0 million (494.3 million).

The grand total of the draft budget for fiscal year 1992 is 4.8315 billion lempiras; whereas in 1991 a budget of 3.3911 billion lempiras was approved.

From the foregoing one infers that the armed forces retain their budget funds; with an increase of 55 million shown for the Ministry of Interior and Justice; of 121.6 million for the Education Ministry; of 68.9 million for the Public Health Ministry; of 99.2 million for Secopt; and of 3.4 million for Secplan. However, it has been announced that the latter ministry will be abolished.

The only budget to be reduced is that of the Ministry of Natural Resources, with a cut of 800,000 lempiras.

* Military Farm Chief Reports on Army Farms

92CA0035E San Pedro Sula LA PRENSA in Spanish 14 Oct 91 p 10

[Excerpt] Olancho—During 1990, between 7,000 and 10,000 peasants were hired by the armed forces to produce on the 910 manzanas of land being used for their four Military Agricultural-Livestock Farms projects.

Nevertheless, the chief of Military Agricultural-Livestock Farms, Major Rene Leonel Mejia Serrano, claimed that the intention is that, within two years, those in uniform will become involved more directly in the production process, without failing to offer employment to farmers from the areas adjoining the projects.

The officer explained that these farms, which are equivalent to an annual investment of 1 million lempiras, became necessary because of the shortage of staple grains during the past two decades. They were approved in 1984, and began operating in 1985.

The military farms project, which is currently supplying 70 percent of the staple grains for the armed forces, specifically, for some 16,000 men in the Army forces, has been assigned to the latter's general command.

In the near future an attempt will be made to supply staple grains to all 19,000 members of the military corps, including the Public Security, Naval, and Air Forces.

The four projects being executed are: La Sosa-Catacamas, Olancho (450 manzanas); Jamastran, El Paraiso (250); Naco, Cortes (130); and Pinalejo, Santa Barbara (80 manzanas).

This year the armed forces estimate a production of 24,000 quintales of corn, 4,000 of beans, and 10,000 of rice. Between the first and last planting, they project the attainment of 35,000 quintales of sorghum, bringing the total staple grains to 73,000 quintales.

Included among the future projects are poultry raising, butter and cheese production, and the raising of hogs, chickens, and livestock in other parts of the country.

The main objectives of the military farms project consist of participation in national production, and the production of sufficient staple grains to improve the diet of the military.

According to the officer, the lack of irrigation and storage infrastructure and insufficient farm machinery are preventing better achievements on the farms.

Mejia Serrano revealed that the peasants are participating directly in production, because the few members of the military used on the project are engaged in handling machinery.

He reported that the project is generating much employment for the civilian population, to the point where, in 1990, between 7,000 and 10,000 peasants were hired, each earning 10 lempiras per day. [passage omitted]

* Army Expands Farming Operations

92CA0035D Tegucigalpa LA TRIBUNA in Spanish 14 Oct 91 p 3

[Text] Catacamas, Olancho—"The economic measures enacted by the government have also affected the 'Military Agricultural-Livestock Farms' project, because they have to invest three times more than they did previously in staple grains." This admission was made by the project's chief, the agronomist and major, Rene Leonel Mejia.

Last weekend the armed forces prepared an exhibition depicting the nature of the Military Agricultural-Livestock Farms. It was to have been attended by the institution's commander, General Luis Alonso Discua; but he had to cancel his trip because of the bad weather prevailing in the area.

In the community of Sosa, directly at the base of El Aguacate in the municipality of Catacamas, the department of Olancho's leading grain producer, Major Mejia

explained that 1 million lempiras have been spent on the project annually, and that profits of 200,000 lempiras have been accrued to date.

He claimed that the most important aspect of the project is that it is producing to supply the Army branch (constituting 70 percent of the armed forces).

Rice, sorghum, and beans are being grown in the Jamastran, El Paraiso, Pinalejo, Santa Barbara, Naco, Cortes, and Sosa areas, in Catacamas, Olancho. This is the largest farm.

He added that production of other types has also been planned, such as hog raising and poultry farms (eggs and chickens), as well as butter and cheese processing. In this way, the armed forces' expenses would be reduced.

Major Mejia explained that, although about 10,000 peasants were employed last year, and were paid 10 lempiras per day for grain production, these farms are expected to be of great assistance to soldiers who are discharged, ensuring them of employment in the rural areas.

He announced that this generation of employment will occur in the future, for which purpose talks are being held with the Technical School operating in Comayagua.

The armed forces have 910 manzanas distributed throughout the country for this project. They were acquired through the purchase and procurement of land that had been abandoned.

To date, the annual production has been 24,000 quintales of corn, 4,000 of beans, 10,000 of rice, and 35,000 of sorghum.

He explained that they have been faced with problems of drought and excessive rainfall, because the irrigation system is obsolete. A total of 1 million lempiras is required to purchase the infrastructure for irrigating 300 manzanas.

Mejia claimed that there is also a social cause for this project, referring to the fact that there were so many people unable to work, and that now, during harvest time, many peasants are seeking jobs on the military farms.

He declared that the progress has been undeniable since 1985, when they began with a test on 25 manzanas. Now, however, they have acquired 910, which they have cultivated. Meanwhile, the plans for reducing the Army are being carried out, and preparations are under way for development through staple grain production.

* Armed Forces, Rural Workers Seek Solution

92CA0035C San Pedro Sula LA PRENSA in Spanish 12 Oct 91 p 15

[Text] Tegucigalpa—The armed forces are concerned over the protest movement initiated yesterday by the peasants affiliated with the National Federation of Rural Workers (CNTC). It involved the seizure of the highways leading from El Progreso to San Pedro Sula and that of El Virrey, in the jurisdiction of Macuelizo, Santa Barbara. That concern was voiced yesterday by the joint chief of staff, Lazaro Avila Soleno, in a telephone conversation held, first with the CNTC's assistant secretary, Rafael Alegria, and later with the president of the United Federation of Workers of Honduras, FUTH, Hector Hernandez.

It was reported that, at an early hour, Alegria, since he was unable to hold dialogue with the armed institution's chief, Luis Alonso Discua Elvir, received a response by telephone from Avila Soleno. The latter told him that he would attempt to negotiate with the government the formation of a commission, as the organization has requested, to seek alternative solutions that would restore everything to normal.

During the conversation the military officer warned that the CNTC, by preventing free traffic and seizing highways, was violating the Constitution of the Republic. The peasant leader responded to this by claiming that the government is inducing the peasants to take such action, because it is not doing what it promised, and the economic situation in the rural areas is becoming worse.

Avila Soleno also pointed out that there are other methods for seeking solutions to problems. Alegria retorted to this by saying that the government has appeared apathetic toward a proposal submitted at the end of September by the Coordinating Council of Peasant Organizations, and also toward what has been incorporated into the Agrarian Conciliation Act.

Alegria also informed Avila Soleno that the Constitution gives the people the right to insurrection when the government fails to listen to them. Nevertheless, he said that the term does not apply to the case involving the CNTC which, however, is resorting to a method of protest against the government's demagoguery.

About three hours after talking with Alegria, the military officer contacted Hernandez. He told the latter that he would seek means for bringing a commission to the leaders of the Platform for Struggle and the CNTC, to prevent the conflict from becoming exacerbated.

* Farmers Confront Army Over Electrification

92CA0035B San Pedro Sula LA PRENSA in Spanish 12 Oct 91 p 16

[Text] Macuelizo, Santa Barbara—Approximately 6,000 peasants from the National Federation of Rural Workers, CNTC, and the Number 1 Regional Association, with headquarters in this municipality, seized the western highway yesterday, demanding prompt electrification of 17 communities in this section.

The stoppage of traffic began at 0530 between the village of El Virrey and the community of Quitasueno, in the presence of members of 17 communal associations. Traffic was restored about 1700.

The farmers demand electrification for the communities of Las Varas, Sabanetas, El Oro, Ermitano, Piladeros,

Tarros, Tras Cerros, Chiquila, La Libertad, Callejones, Colonia El Paraiso, Colonia 6 de Mayo, Los Angeles, El Pital, Las Flores, and El Rosario; as well as Proteccion and Chalmeca, in La Entrada, Copan, which belong to the Number 1 Regional Association.

Genaro Alonso Mejia a member of the political commission coordinating the movement, explained that, since the regional association was organized in 1986, various negotiations have been conducted to achieve electrification in the aforementioned villages. No positive results have been obtained to date.

He claimed that during Jose Azcona's government, electrification was possible for only five communities in the rural area of Macuelizo. The other villages comprising the association were neglected.

Mejia added that, six months ago, the association's board of directors met with the manager of the National Enterprise for Electric Power, ENEE, Federico Breve Travieso, and the president of the National Congress, Rodolfo Irias Navas, both of whom promised to electrify those communities.

"They told us that this would occur in June. Later, it was to be in September, then October; and on this latest visit they told us that it would be done in February 1991. We think that, with this treatment, the government is mocking our dignity. That is why we have adopted this measure, using pressure so as to be heard."

During the protest the peasants called upon President Callejas to keep the promises made in the political campaign because, "As Hondurans, we are entitled to be given electrification, the lack of which represents a social problem in these communities."

They indicated that it was impossible "for us to be without that basic service" while electric power is being sold to Panama, Nicaragua, and El Salvador.

The commander of the Second Artillery Battalion, Eugenio Romero Euceda, concerned over the halting of traffic on that major route, appeared on the site to hold dialogue with the association's board members, so that they would desist in their position.

After listening to the proposal and the reasons for the takeover, Romero Euceda asked the demonstrators to treat the situation with flexibility and a lofty view, since the halting of traffic was causing the country enormous losses.

The demontrators did not yield because, they claimed, they were waiting for the results of the negotiations being conducted in the capital between the groups affiliated with the Platform for Struggle and the government.

Upon leaving the meeting, the military officer commented that, since the solution to the problem did not lie with him, he would only serve as a channel to convey information to the authorities in the capital.

About 1640, Rafael Alegria, a member of the CNTC, announced from the capital that, after the meeting with the acting president of the republic, Jacobo Hernandez Cruz, Manuel Acosta Mejia, and the vice president of the National Congress, a satisfactory conclusion was reached. On Monday they will meet again in an attempt to deal with the peasants' proposals in depth.

He commented: "There is a will on the part of the government commission to seek a solution to the problems posed." Monday's meeting will be held between the government sector and the Platform for Struggle member organizations.

Hence, he called upon his companions to stop their action, which had been scheduled for the entire day, and to wait for the final decisions next Monday.

He noted that, during that meeting, there will be a discussion of the failure to pass the Agricultural Modernization Law. In this regard, he disclosed that the government had committed itself not to submit the law during the present legislature. They will also debate the situations associated with detentions of peasants.

Nicaragua

FMLN Leader Villalobos Meets With Lacayo

PA1112032491 Managua Sistema Nacional Television Network in Spanish 0200 GMT 10 Dec 91

[Text] The Farabundo Marti National Liberation Front [FMLN] General Command has been reporting to the Nicaraguan Government on the negotiation process in El Salvador. Joaquin Villalobos, member of the FMLN General Command, met with Antonio Lacayo, Nicaraguan minister of the Presidency, to give impetus to the pacification process in El Salvador and establish a definitive cease-fire in the country. Villalobos also told of the meeting to be held with the Salvadoran Government delegates in New York.

[Begin Villalobos recording] We have come to Nicaragua to report because the upcoming talks can be—and we want it to be—the definitive round of talks to sign a cease-fire for El Salvador. We have reported on the situation in detail because of the importance of this round of talks and the impact that peace accords for El Salvador will have on Central America. [end recording]

Lacayo welcomed Villalobos and said that a definitive agreement between the government and the FMLN would lead to an understanding among the members of the Salvadoran family.

[Begin Lacayo recording] We have also talked with other interested governments that are part of the problem or solution as the case may be. We talked with the U.S. Government to underline the need for a negotiated peace. Just as it happened in Nicaragua, there will not be any winners or losers, but a political agreement that will

make it possible for this Central American nation to devote itself to progress and democracy. [end recording]

Lacayo denied the reported gunrunning from Nicaragua to El Salvador.

[Begin Lacayo recording] We will take advantage of the presence of Nicaraguan President Violeta Chamorro and Salvadoran President Alfredo Cristiani at the next summit to ask Cristiani to clarify a report by some of his government officials that there is gunrunning. We do not believe there is gunrunning by the government, the Army, or the police. [end recording]

Weapons Trafficking Charges Denied

PA1112032791 Panama City ACAN in Spanish 0046 GMT 10 Dec 91

[Text] Managua, 9 Dec (ACAN-EFE)—Salvadoran guerrilla "Commander" Joaquin Villalobos stated in Managua on 10 December, that charges related to the shipment of weapons from Nicaragua to the FMLN [Farabundo Marti National Liberation Front] are "aimed at destabilizing" the peace talks with the Salvadoran Government.

Villalobos, one of the leaders of the Salvadoran FMLN, met today with Nicaraguan Presidency Minister Antonio Lacayo to provide updated information on the peace negotiations with the Alfredo Cristiani government aimed at bringing peace to El Salvador.

Harry Shlaudeman, U.S. ambassador in Nicaragua, disclosed on 9 December that "weapons trafficking to the Salvadoran guerrillas continues" from Nicaragua through the Honduran border.

According to the guerrilla commander, "the problem is not weapons trafficking because we are on the verge of signing a peace agreement and I believe that such statements are unimportant."

On the other hand, Minister Lacayo stated that "neither the Nicaraguan Armed Forces or the National Police are involved in weapons shipments to El Salvador. We cannot reject, however, that there could be persons involved in this trade, just as occurs with drug trafficking."

The Nicaraguan official pointed out that the Salvadoran Government officials have stated on previous occasions that the "illegal flow of weapons from Nicaragua persists."

Lacayo also stated that during the next Central American summit scheduled from 12 to 13 December in Honduras, President Violeta Chamorro "will request a clarification from her colleague Alfredo Cristiani on reports of alleged weapons shipments to the Salvadoran guerrillas."

During a brief news conference, Villalobos disclosed that the new round of talks between the government and the guerrillas to bring peace to El Salvador will resume on 15 December in New York. According to Villalobos, this new round of talks "will result in a positive impact to the Central American area as a whole."

Villalobos added that "there is no turning back the peace process because what we have been able to cover is a lot more than what we have left untouched." He also stated that in El Salvador, "sectors of the right opposed to the peace process cannot block the definitive cease-fire agreement anymore."

Unidentified Group Kidnaps Mayor of Ciudad Rama

PA1012202691 Panama City ACAN in Spanish 1937 GMT 10 Dec 91

[Text] Managua, 10 Dec (ACAN-EFE)—The police announced on 9 December that Orlando Balmaceda, mayor of Ciudad Rama, has been kidnapped by an unidentified armed group to pressure the government into meeting a number of demands, which have not yet been specified.

Government Minister Carlos Hurtado told the press that the preliminary information available on the kidnapping, which occurred on 9 December, does not allow him to confirm whether the kidnappers are rearmed Sandinists, known as "recompas."

Hurtado said the kidnapping of Mayor Balmaceda was an "absolutely reprehensible act," if this type of action is being used to press for a dialogue. "I hope that the mayor's physical safety will be respected and that this matter can be resolved as soon as possible," the minister said.

Balmaceda, the mayor of Ciudad Rama, located 300 km northeast of Managua, belongs to a party that is not a member of the ruling National Opposition Union coalition.

Mayor Reportedly Released

PA1112004091 Managua Radio Corporacion in Spanish 2339 GMT 10 Dec 91

[Text] We have a last-minute report; we repeat, we have a last- minute report. Ciudad Rama police authorities have just reported that Mayor Balmaceda has been released after being kidnapped at approximately 0700 [1300 GMT] on 10 December.

The kidnappers demanded the release of five people who were arrested in Ciudad Rama 10 days ago for committing several holdups. Police reportedly met with several former Army members to prove to them that the arrested individuals had criminal records. Consequently, the kidnappers were forced to release Mayor Balmaceda.

It has been confirmed that the arrested individuals were former Army members. Police have asked former Army members to respect the law and to refrain from taking actions against the legitimate authorities of the new government.

This information was confirmed early this afternoon at the National Assembly.

Recontra Commanders Meet With Cardinal Obando

PA1112041291 Managua Radio Sandino in Spanish 1200 GMT 7 Dec 91

[Text] Recontra Commanders Bigote de Oro [Alcides Rodriguez], Dimas [Francisco Baldivia], Tigrillo [Encarnacion Valdivia], Freddy, Campeon [Jacinto Tercero], Bolivar [Jaime Zeledon], and Sandra met on 6 December with Cardinal Miguel Obando y Bravo. They delivered a document outlining 21 demands they made to the government of President Violeta Chamorro.

In the document, the rebels demanded the government change the military doctrine of the Sandinist People's Army [EPS] in all aspects. In other words, they want the EPS to be transformed into a military institution similar to those in countries where the Armed Forces have maintained power.

At the end of the meeting, Cardinal Obando told journalists that the recontras committed themselves to contribute to the end of the war, but demanded compliance with the agreements reached between the government and the recontras.

In a statement to reporters, Alcides Rodriguez—Bigote de Oro—demanded that former contras be assigned positions as delegates of the Government Ministry in regions where former contras have settled.

* Bombing of Fonseca's Tomb Condemned

* Motives Given

92CA0042A Managua EL NUEVO DIARIO in Spanish 12 Nov 91 p 4

[Editorial by Francisco Hernandez Segura]

[Text] The politicized groups toting placards that pompously proclaim them to be political parties under the UNO [National Opposition Union] umbrella have gone too far with their foul political intrigues, leaving historic parallels in the dust.

These groups are increasingly attacking the nation's backbone: the progressive and revolutionary forces, the political and social movements that are determined to lift Nicaragua up from the medieval conditions into which Yankee neocolonialism has plunged it.

The UNO groups cannot forgive the Sandinists for overthrowing the pro-imperialist Somoza dynasty and for having given life to a revolutionary movement that institutionalized political and social accomplishments that are basic to the country's masses.

They cannot forgive the FSLN [Sandinist National Liberation Front] for having enacted a constitution that made Nicaragua an independent, self-determining republic.

Conspiring against the efforts to stabilize the country and to lend true substance to a process of democratization, the UNO groups, the forward guard of revanchism, have been engaging in various kinds of terrorist actions. They are seeking to institutionalize the law of the jungle.

The 8 November bombing of the mausoleum housing the mortal remains of Carlos Fonseca Amador, a terrorist action shot through with strong genocidal intent, speaks eloquently of what Nicaragua's enemy traitors are capable of.

The police investigations into the bombing indicate that the powerful explosive that damaged the mausoleum had been planted in a basket of flowers, so many of which have been placed at the site.

What this means is that thousands of people who attended the commemoration of the 15th anniversary of Carlos Fonseca's death in combat saw their lives spared because the UNO terrorists mistimed the detonation of the bomb.

This should tell us Nicaraguans just how much venom the terrorists who are conspiring to make peace impossible in Nicaragua carry within them to spout at the sons of Sandino.

* Reconciliation Urged

92CA0042B Managua EL NUEVO DIARIO in Spanish 12 Nov 91 p 4

[Unattributed commentary: "The Provocation Must Be Stopped"]

[Text] The violence provoked by the desecration of the Monument to National Hero Carlos Fonseca Amador ought to make all of the political forces operating in the country stop and think.

What happened on Saturday is just a sample of what could happen if the politicians on the far right persist in their policy of destabilization and overt confrontation.

To be honest, we have little hope that the advocates of confrontation will heed the calls to be sensible, for the simple reason that they feel they are supported by forces superior to those that our people supposedly have.

There is no other way to explain the imperious arrogance that the Aleman-Cesar-Godoy triumvirate is exhibiting not only to the Sandinists but also to the president of the republic, whom they are today inveighing against after extolling her during the election campaign.

If they had any doubts about the magnitude of grassroots support for the Revolution, those doubts were dispelled on Saturday, but they are relying, above all, on the deterrent firepower of the U.S. Marines to prompt the grassroots forces to withdraw and leave the field wide open for them.

But the extremist forces represent a minority that is facing off against the overwhelming majority of the people, who want peace. This majority includes the Sandinists, of course, but there are also conservatives, liberals, Social Christians, socialists, etc. who are convinced of the urgent need to

establish a system of peaceful coexistence that will do away with the abuses and violations of democratic liberties and, therefore, prevent the establishment of a neo-Somozist dictatorship.

Before the violence becomes uncontrollable, the Episcopal Conference and the other religious denominations, in addition to the aforementioned political forces, must speak out in clear, unambiguous terms.

In this connection, it is far from even-handed and it is playing into the hands of the revanchists to condemn the destruction of the office of Managua's mayor and of RADIO CORPORACION and RADIO DARIO in Leon (which we denounce) while saying nothing about the desecration of the Carlos Fonseca monument and the murder of peasant farmers (including many children) at cooperatives.

It is also unjust to condemn the effects without talking about the causes.

* FSLN Actions Defended

92CA0042C Managua BARRICADA in Spanish 11 Nov 91 pp 1, 7

[Unattributed commentary: "Stability With Somozism?"]

[Text] Somozism's dastardly attack on the remains of Carlos Fonseca early Saturday morning has clearly illustrated the danger posed by a cornered extremist force that is unscrupulously seeking to plunge the country into a confrontation.

The reckless provocation came three days after the administration's cabinet and the Directorate of the Sandinist Front held a meeting that culminated with a message aimed at easing tensions.

Aside from setting up two joint commissions to work out the problems that have arisen from privatization, the meeting led to two crucial decisions. On the one hand, the government pledged not to permit a return to Somozism, and on the other the Sandinists reaffirmed that they are not seeking to overthrow the government and are, on the contrary, committed to the country's stability. Amid the national crisis the FSLN-government dialogue bespoke the Executive Branch's and the opposition's determination to rule out violence in seeking a solution to conflicts.

But Somozism, holed up in the National Assembly and the Managua mayor's office, reacted by issuing a terrorist message. The desecration of the National Hero's remains symbolize something even more serious than the attempt to imprison Daniel Ortega and outlaw Sandinism: legitimizing the physical extermination of the Sandinists. Sandinism returned the attack with a vengeance, as the fury of a wounded, irate people led them to commit regrettable acts such as the destruction of mass media. The Somozist violence triggered a violent response, born of a desire for self-defense and to reaffirm the survival of Sandinism.

The outlines of the political crisis (ownership, the enhancement of democracy, privatization, disarmament, etc.) have now taken shape around one basic premise: Somozism can have no place in Nicaraguan society. Tolerating it is tantamount to encouraging its rebirth. The failure to combat it now with the tools available to the state, when the constitution is being violated, would necessitate recourse tomorrow to the same methods that enabled the dictatorship to be overthrown.

Somozism in any of its forms is incompatible with the goals of democracy and national stability that the great majority of Nicaraguans share. Therefore, if some feel that the Sandinist response to the Somozist bombing was "excessive," they should first seek an explanation in what others have done or have failed to do in allowing Somozism to reemerge with its dire consequences for Nicaragua. And the government itself ought to be the first to stop and think, as its policy of national reconciliation is also threatened by the Somozist far right.

With the weekend's violence behind us, the country today begins a week that is crucial for resuming the path of stability amid enormous difficulties. The agenda is replete with burning issues: the strikes and the demands of labor concerning privatization, the discussion of the presidential veto in Congress, the incorporation of "recontras" and "recompas" in the Disarmament Brigade under the command of the EPS [Sandinist People's Army].

All of the country's political forces will be put to the test in the days to come. The fury of the people and the repudiation generated by the desecration of Carlos Fonseca's tomb must now be channeled into strengthening the organization of the grassroots movement. The dual commitment of Sandinism to defend the people's interests and the country's stability so demands.

* Government Lacks Control

92CA0042D Managua LA PRENSA in Spanish 11 Nov 91 p 4

[Editorial by Jorge Eduardo Arellano]

[Text] The shameful, criminal events of Saturday 9 November have not just discredited the administration once again; they have annulled it. To put it differently, they challenge its very nature, its raison d'etre.

Why? Because the events simply show that the administration (the so-called Executive Branch) cannot control either the armed forces or law-enforcement agencies (two of its constitutional bodies), which have become openly and decidedly partisan, that is to say, not subject its authority. Its authority is not just weak or soft; it is, all in all, empty, void, hollow, in other words, nonexistent.

Furthermore, this intimidating vandalism has culminated in the apotheosis of barbarism, whose power has become consolidated, or enthroned, in the country. And all of this is nothing more than the result of having two governing forces in society, of de facto power-sharing. The legal one, put in power by the will of the people, has always sought agreement, harmony, and viable negotiation in an attempt to neutralize the ongoing destructive threats of the other.

We are talking about the promise to "govern from below," voiced when it was defeated at the polls on 25 February 1990. And it has, in fact, achieved this. That much is undeniable. It is there for all to see. The vandalism in question demonstrates it for the nth time and in a more than alarming manner.

In summary, we must banish not only the planned, militant violence of the mob, at whose mercy most of us peaceful Nicaraguans already find ourselves, but also, and especially, this two-headed government. There cannot be two governments: one elected and another imposed, one that has hoped or sought to be a government of "national salvation" but is merely subservient to the other, the government of national annihilation.

These two governing bodies must not continue to exist, the one ineffective to the point of powerlessness and the other divisive to the point of instilling terror every day. Otherwise, we will continue to live under a modern-day sword of Damocles: the sword of barbarism, the apotheosis of which is being hailed and enshrined in the mass media.

Otherwise, we will surrender forever the pride that we still have in being Nicaraguans (above all for our cultural, not political values), and it will remain only for us to exclaim along with our poet: "Oh Lord Jesus Christ! Why do you tarry, why do you wait to extend your hand of light over the wild beasts and make the sun shine on your divine banners?"

* Hurtado on Rural Unrest, Municipal Police

92CA0043A Managua EL SEMANARIO in Spanish 30 Oct-6 Nov 91 pp 11-13

[EL SEMANARIO interview with Minister of Government Carlos Hurtado; date, place not given; first two paragraphs are EL SEMANARIO introduction]

[Text] It does bother him that people call him Chuck Norris because of his resemblance to the American actor who specializes in action movies. His response to this question begins with a loud guffaw. But really, Carlos Hurtado Cabrera, an engineer by training, would be equal to the task of playing Norris's karate expert and Chinese boxer in real life; he is, after all, minister of government, a difficult job that even he has trouble defining after more than a year and a half in office. Three children, a wife working with children at risk of turning to crime, 39 years old.... Minister Hurtado occupies the same well-lit office that his predecessor, Tomas Borge used, and that the minister of the National Enterprise for Light and Power (Enaluf), Luis Manuel Debayle, occupied back in the 1970s.

A very deliberate man, Hurtado wants the specific information on his latest meetings with the "recontras" [former contras who have again taken up arms] at his fingertips. But right now it is not on his desk. We sit down in the blue armchairs where he straightens the cushions that someone has disturbed. His blue eyes alert, Hurtado begins to respond:

[EL SEMANARIO] What is really being done to gather up all the weapons and relieve the tensions in the country?

[Hurtado] Several actions are being carried out at once, for the purpose not only of collecting the weapons, but also of arriving at a political and social consensus regarding this problem of weapons in the hands of civilians.

[EL SEMANARIO] We talk about "compas" [comrades], "recompas" [new comrades], "contras" [counterrevolutionaries], "recontras".... What is the situation?

[Hurtado] We maintain a policy of dialogue with the armed groups so that we can persuade them to disarm as soon as possible. To this end, we are attacking the causes that they claim led them to rearm. At the same time, we are working on the commitments we made to them for their demobilization, and on their security; because they claim they are fearful. We have placed all of this in the context of the Security Commissions that are being set up in every department of the country.

[EL SEMANARIO] How many are there right now?

[Hurtado] Seven have been established.

[EL SEMANARIO] Who are their members?

[Hurtado] The Ministry of Government, representing the government; the National Opposition Union (UNO); the Sandinist National Liberation Front (FSLN), as a political force; the Attorney General's Office; the Nicaraguan Municipal Development Institute (Inifom), because the mayors are involved in all of this; the Foreign Ministry, so that foreign aid can be obtained to support this process; the Organization of American States' CIAV and human rights organizations, as observers; and the cardinal and his delegate, for verification. This is at the national level. Other people are included in the departments themselves, because there are representatives of various social sectors, business associations and trade unions. The idea is that these commissions are to represent the entire political-social spectrum so that they can deal with the security problem with as much consensus as possible.

[EL SEMANARIO] Are there any that are operating fully yet?

[Hurtado] They began two weeks ago and are working from the department seats down to the municipalities.

The first ones to be established, those of Matagalpa and Jinotega, are already working at the municipal level. The main thrust of these commissions is physical disarmament, but the most important thing is what we call "political disarmament."

A Problem: "Los Traidos"

[EL SEMANARIO] What does "political disarmament" mean?

[Hurtado] The way we see it, the political parties, independently of the struggle, in accordance with the legitimate interests that they are pursuing and developing within the framework of the Constitution, must be fully cognizant, like everyone else, that weapons and force are not the way to solve problems. So, it is a matter of getting everyone on the track that we have established, that of the Constitution and the laws, so that they can reach a consensus and proceed to physical disarmament. Then the nation can be set on a course from which no one can detour, the course of laws and the Constitution.

[EL SEMANARIO] In spite of all that, there are "recontras" who have told me that the government does not keep its word. What will change their minds?

[Hurtado] It is fashionable to say that the government does not keep its word. In the specific case of the former members of the Resistance, substantial progress has been made on the commitments that were made to them. Nevertheless, we must be candid; we have not been able to accomplish everything because of problems and limitations, but not for lack of will. Thousands of resistance members that were demobilized are now working the land that was given to them. Little by little, they are being provided with housing and health care. Those who have laid down their weapons are now claiming problems of security that they blame on the police, and in some municipal jurisdictions, on the Army. And then there is another element that is now out of our hands, the "traidos" [further explanation not given].

[EL SEMANARIO] The fighting among them....

[Hurtado] Yes, and that is happening in the territories.

[EL SEMANARIO] They talk about the police, about the Army, and presumably there should be just one police force and just one Army. How will you integrate them? What solution can be found to this security problem?

[Hurtado] We do not have a formula yet. At present there are around 330—maybe less—people demobilized from the Resistance who are in the National Police. Some of them are acting as territorial leaders. And this model has been working.

[EL SEMANARIO] Where has it worked?

[Hurtado] In Regions V and VI. There has been a very good experience with this model, and I understand that it has been discussed in the negotiations of the Farabundo Marti National Liberation Front (FMLN) and the Salvadoran Government, and they have taken it even further.

[EL SEMANARIO] Some "recontras" have said that the CIAV of the OAS has not given them what they thought they would get. Is this true?

[Hurtado] Their mandate is through the demobilized people. An effort is being made to expand this mandate to cover broader sectors, and yes, we can say that they have fulfilled their commitment. Maybe because this developed so rapidly—the government had just taken office and the demobilization was so massive—there has been a certain amount of disorganization because of the urgency of meeting needs and solving problems. For example, large amounts of construction materials were turned over to the demobilized people, but they had not been settled yet. They were in what were regarded at the time as development centers, but from there each person went back to his community, and they could not carry the building materials with them.... There were things like that, that are really of a practical nature.

Municipal Police

[EL SEMANARIO] When you mention force, the police, there is fear among the citizenry at the prospect of the various municipal jurisdictions having their own police forces. How do you interpret that?

[Hurtado] That is not so. A proposal was made to the mayors, because they have been concerned about having a municipal police force. The proposal was this: "You say you are interested in having people to guard the marketplaces, parks, and other areas of interest to city government, and that you will finance them. Well, I accept your proposal, but here there is just one police force, and that is, if you will, a matter of principle with regard to public safety personnel to protect the citizenry. You cannot have a police force as such. We will take the funding you have, the people you have, and we will train them so that they can become part of the National Police. They will come under your jurisdiction, and we will put them to work to serve your interests. The funds will go to the Ministry of Government, and with that the ministry will finance this program. In addition, this helps us because the limitations prevent us from hiring more people; there is no money. But there is an objective need in the street for a greater police presence, and in that way we will serve both interests at the same time."

[EL SEMANARIO] But a single police force....

[Hurtado] Yes, a single police force. The term "municipal police" is incorrect.

[EL SEMANARIO] But they will be armed....

[Hurtado] If they are members of the police force, of course! They would be part of the country's armed forces.

The Hardest Problem

[EL SEMANARIO] What is the greatest problem you face as minister of government?

[Hurtado] (Laughs) It is difficult to choose among them all! At the moment, what I am most concerned about and what I am devoting the most energy and time to is the situation of the armed groups, which is potentially dangerous....

[EL SEMANARIO] How many are there right now?

[Hurtado] The number varies.... The kind....

[EL SEMANARIO] Some are robbers....

[Hurtado] Well, we have made a great effort in that regard, distinguishing between the groups that have political causes—which they are pursuing in an illegal manner—and those that are just criminals. We are taking the latter seriously. But sometimes the media confuse the two; anything that happens is done by "recontras", and that is not always the case: They are common criminals!

[EL SEMANARIO] How can this crime wave be checked?

[Hurtado] Ohhh! We are working on that now. This National Plan is part of this program, and we are reorganizing the police internally so that we can throw everything we have got at fighting crime. We will give top priority to crime prevention through constant vigilance and patrolling. This problem is also being seen in the Security Commissions as part of a larger issue. The danger of crime increases with so many weapons out there.

[EL SEMANARIO] For example?

[Hurtado] In the 17 days that this plan has been in effect, 100 hand grenades have been confiscated.

[EL SEMANARIO] From cars?

[Hurtado] What the heck is a citizen doing with a hand grenade in his car?

[EL SEMANARIO] And what is being done about drug smuggling, which has increased so much lately?

[Hurtado] We are about to get more international support. This is quite a complex task, because at the same time that we are cracking down on the centers of distribution, the pushers, who are probably at the lowest end of the scale, we hope to hit the most important figures in the smuggling and distribution network. This effort requires information, follow-up, resources.... And often we know that so-and-so is involved in this, but we do not arrest him immediately so that we can learn who his contacts are and maybe take out a whole network. This task requires a lot of patience.

I Answer to the Executive Branch

[EL SEMANARIO] You mentioned a matter of principle earlier in the interview. You were a Sandinist, later you belonged to the Southern Opposition Bloc (BOS), and it was said that you were a liaison between Alfredo Cesar and the Department of State....

[Hurtado] No, that business of the Department of State, no!

[EL SEMANARIO] No? Have I been misinformed?

[Hurtado] Absolutely, no.

[EL SEMANARIO] Well, but you belong to the Social Democratic Party, which is just a block away from you. Does this interfere with your relations with the executive branch, since the president of the Assembly, Alfredo Cesar, also belongs to that party?

[Hurtado] That is pretty far-fetched....

[EL SEMANARIO] But...what problem has arisen...?

[Hurtado] No, in fact there is none. I am not the only member of the cabinet that belongs to a party. My policy, although I belong to a political party, is absolutely institutional.

[EL SEMANARIO] Is there no disagreement between your party and you?

[Hurtado] As always happens, sometimes the party makes a decision that I do not agree with, but it makes decisions by consensus, by majority vote, and even though I oppose it, I can do nothing.

[EL SEMANARIO] But how...?

[Hurtado] There are examples: During the Sandinist days, despite the strong identity between state and party—they were practically identical—as I understand it the party frequently took different positions than the executive branch did, because they felt that was the most appropriate. Another example of this can be seen in Venezuela. When President Carlos Andres Perez launched the Adjustment Plan, the first one to jump on him was his own party. In answer to your question: There is no problem.

[EL SEMANARIO] According to the Nicaraguan rumor mill, you are considered a member of Alfredo Cesar's group....

[Hurtado] It is interesting that you have asked me that question, and it is interesting to comment on it. Sometimes the "rumor mill," as you call it, puts labels on things, and it is hard to get rid of those labels. But I do not belong to anyone! I have friendly ties, and in exile Alfredo and I worked together, but he has his positions and I have mine. It is as simple as that. I answer to the executive branch. Period.

*** Government Program Favors Rights, Ignores Poor**

92CA0040C Managua EL NUEVO DIARIO in Spanish 9 Nov 91 p 4

[Commentary by Ramiro Rodriguez]

[Text] 2 November 1991—All signs seem to indicate that we are coming to the end of "people's" history. Political changes occurring in the country seem to obey imperial designs more than they do the people, the voters.

The people are being betrayed. The very right to life is denied while employment opportunities are nonexistent. Unemployment spreads while the economic plan is praised.

Promises and agreements made are not kept, contradictions grow, and confrontations are ever sharper. Dialogue leads to no concrete understanding, but rather, serving more to consolidate the government's strength, its assault on the people and on Sandinists.

In the face of such a situation, it is high time to say "Enough!" and mean it. The nation's fate cannot be made to depend on deceit and false promises, or rather, on demagogy.

State of Law

A constant appeal is made to respect the state of law or build a state of law. I would say "state of the right" [de la derecha] rather than "of law" [de derecho]. The facts confirm this.

The Office of President issues orders that violate the constitutional framework. The assembly passes unconstitutional laws. Coalitions of parties back a return to the blackest Somocism (which is also proscribed by the constitution). Properties rightly seized in accordance with Laws 3 and 38 are being restored to Somocists, and the same is true of those who have already received compensation for their property. No one prevents it, not even the opposition.

What state of law? The only thing clear is the definition of a legal framework, which they are trying to legalize with so-called constitutional reforms favoring minorities, those in power and those close to them.

We have had enough of so many violations of the constitution and the law. Let us start down the path of true participatory democracy and give the people a chance to live without hardship or the fear of losing their patrimony: life itself.

Disarming Civilians

A campaign is being waged to disarm civilians. We Sandinists support it and are for an authentic program to eliminate weapons in the hands of the civilian population.

We do not think disarmament should be unilateral, only for Sandinists while on the other side the rearmament of reactionaries is promoted. Not only are they being given weapons—the German Pomares mill is an example of how the Ministry of Government is distributing weapons—but new and more powerful pistols are being issued. Soldiers who won the right to defend their nation and the safety of citizens and to maintain law and order are being demobilized, leaving the way open to former Contras to be reincorporated into the armed forces as rural police or municipal inspectors.

They are trying to do what they could not achieve through military confrontation or on the field of battle: the formation of an army serving landowners and private businessmen. They want to revive the National Guard. Who could prevent it? The people.

What they are doing is to build a domestic front, and one must immediately assume it is being done with the support and approval of the Ministry of Government, Mayor Aleman, and the CIAV [International Support and Verification Commission]-OAS, placed in charge of eliminating the Sandinists, who continue to supply the casualties.

Enough of such injustices! Let them respect the transition agreements. Let them carry out a real program of disarming civilians, from all camps and of all political affiliations.

National Police

The government pits the Police against the workers, ordering them to use repressive measures when the latter demand higher wages or better working conditions, even when they fight to survive. Such "freedoms" (organizing workers and making demands) are not contained in the codes of ethics of the state of law which the government preaches or in the premises of capitalism. Free enterprise does not allow them. In business ethics, it would be a violation of the principle of the freedom of private enterprise.

At the same time, the Police are denied the possibility of improving their living conditions by wage increases. They are prevented from organizing, as they do in Spain, Venezuela, or the Dominican Republic, in order to demand their rights. They are told the military sphere does not allow it. There is no written text on the matter, either in the constitution or the Organic Law on the Ministry of Government or its bylaws.

Let there be no mistake about it. Our Police respect the law, the constitution, and human rights, were trained by the revolution to defend the people, and will remain in the hearts of the people and the workers despite the fact that, in order to survive, they must obey guidelines ordering them to engage in repression. It is the Executive Branch that orders them to perform such actions through Minister Carlos Hurtado, so as to shake the people's confidence in them and themselves.

They are caught between duty and conscience. The people's patience should not be taken advantage of. The Police are the people in their purest form.

Enough of trying to force the people to hate our "sentries of the people's joy." Enough of repression of the people and of the workers.

National Budget

Preliminary figures are already being given for the 1992 budget. The early data are disheartening for the nation,

pointing to hunger, malnutrition, cholera, illiteracy and, naturally, a larger reduction in the Army and National Police.

The situation in our hospitals is more than just pitiful. In simplest terms, they have been broken. Not even amidst the worst crises and while under attack did the Sandinist Government ever deny funds for health. Even with restrictions, they funded the hospitals and provided medicine, care, and humane treatment at no cost to the people. Today there are neither material nor human resources. These are the predictions of government technocrats.

If cholera reaches us (the epidemic draws ever nearer), the damage will be incalculable. The health budget is receiving no additional funds. They are reviving the idea of the social security we had before in order to limit benefits to the population and be able to expand the practice of private medicine. Only those who can pay will be protected.

The same is true of education. The privatization of education is proceeding apace. Access to education is limited on the premise of private entreprise that ignorant people are easier to control!

Social welfare spending must be reduced in order to ensure proper application of the economic plan and avoid inflation. Forget the consequences.

* Commentary Urges Change in Economic Program

92CA0040B Managua BARRICADA in Spanish 1 Nov 91 p 3

[Editorial]

[Text] Eight months after the launching of the economic stabilization program, the government's success in controlling inflation and reopening credits with multilateral financial organizations is beginning to encounter strong challenges due to the desperate situation faced daily by most of the population.

Nicaragua is turning into a country of great economic opportunities for the few, but no opportunity at all for over half of the economically active population suffering from an exorbitant level of unemployment. Officially speaking, we have no inflation, but government employees whose salaries have been frozen find it ever more difficult to pay for a modest percentage of the basic food basket. The health care system is collapsing and patients die in hospitals due to a lack of medicine or are sent home to die among relatives.

The social cost of this rapid adjustment, which was never gradual and which never took the country's postwar situation into account, has been brutal and absolutely unbearable for the most desperately poor. The flip side of the coin is that palliative measures offered by official policies such as the illusion of small businesses, the 3,000 FISE [Emergency Social Investment Fund] jobs a month, and FASO [Social Care Fund for the Downtrodden] charity programs, have not made a dent in the effects of the crisis. The government's social policy, if in fact there is one, has the same effect as a drop of water in the desert to relieve one's thirst.

Under such circumstances, it would be unusual for there not to be work stoppages and strikes demanding wage readjustments. It would be absurd if those in fear of losing their jobs did not speak out with every means at their disposal to demand job security. That is why it is even more absurd for official spokesmen to try to play down the protest headed by labor unions as a political scheme aimed at destabilizing the government. Not only has social protest always been legitimate, but it has now become an expression of the people's need for survival.

Confronted with this reality and the demand to make application of the adjustment program more flexible, the government denies that these were conditions imposed on it by the World Bank and the International Monetary Fund which have caused the whole burden of the crisis to fall on the backs of the unprotected. And yet, high-ranking officials of the Central Bank and Ministry of Finance seem more concerned over ratings the country must obtain with the IMF than they are with the social crisis happening daily only a few doors down from their offices!

The debate preceding execution of the economic program on the need for its gradual implementation and a fair distribution of adjustment costs should be resumed as a national priority by all of the country's leaders. We are reaching a point where the technical viability of stabilization—containing inflation by eliminating fiscal and financial deficits—is threatened by its political and social inviability. Moreover, it is increasingly meaningless for the people to continue to postpone their immediate economic demands for the sake of a dubious recovery having abysmally unequal benefits.

* Tomas Borge Defends Marxism, Revolution

92CA0040A Managua EL NUEVO DIARIO in Spanish 30 Oct 91 p 4

[Article by Tomas Borge: "Our Left Should Not Deny Itself"]

[Text] Rather than attempting to draw a rough picture of the Latin American left at present, it would be more suitable, two years after the collapse of the Berlin Wall, to reflect on dangers and other essential issues.

Not that, for revolutionaries on the continent, taking a good look at themselves in the mirror is a futile endeavor, for doing precisely that could well be beneficial in healing grief.

Rather, the danger of self-contemplation lies in the fact that it can lead to the pleasure of tears and mutual condolence.

I should like to remind the leftist wailing chorus of something essential: It is not our political cadaver that is being buried in Europe.

Under such circumstances, experience counsels that one act with realism—I did not say "pragmatism"—in order not to lose one's balance or faith.

If the Latin American left persists in its present confusion and indecisiveness, then the possibility of winning back territories and minds will vanish for a long time to come.

The greatest danger to our revolutionary parties and organizations would be to follow in the tracks of the European left.

This is overshadowed by the defeat of real socialism, the rebirth of fascism, and widespread rejoicing among the enlightened zoo of the right.

Possibility of Acting on Its Own

These lands, where capitalism raged with blatant unconcern for masking its action, are the weakest links in the chain of oppression.

The Latin American left now has the historic possibility of acting on its own, free of any distraction from extracontinental policies.

Here the number of poor in absolute terms is growing by the day. The past decade has been described in a phrase that has now become a platitude: "the lost decade." Epidemics that we assumed were past history are reappearing.

Latin American revolutionaries must not succumb to the temptation of denying themselves, but rather, reaffirm principles which for some may have lost their validity, but which nevertheless remain relevant because the causes from which they spring have not been eliminated.

In particular, I am referring to the anti-imperialism which some "revolutionaries" have denied with incredible naivete, preferring a more generous label.

Our left must not limit its actions to the search for a less cruel and more just capitalism—if such a thing were indeed possible. The historic goal must remain the annihilation of that inhuman system in its very essence.

From classic Marxists we must extract general notions for the creation of a new society, for the modus operandi must be based on conditions specific to our countries.

Furthermore, the Latin American left must not focus its struggle solely on civil society, confining itself to "subjecting the national government to democratic surveillance and debate in the parties, press, and representative assemblies."

Key Word: Resist

Revolutionaries must not surrender any form of struggle, including the armed struggle.

Our comrades in El Salvador, Guatemala, and Peru (the members of the MRTA [Tupac Amaru Revolutionary Movement], naturally) who are continuing that option must receive our support.

For the Latin American left, a substantial part of such irrational self-denial would be to give up our practice of solidarity. We must naturally seek renewal, but in a way that is diametrically opposed.

For the Latin American left, the key word is "resisting."

Cuban revolutionaries are resisting and this fact—almost the only case of its kind—is exemplary or at least worthy of respect and support.

One of the most important actions of self-reaffirmation which the left in our America must in our opinion take is to restore its sense of the future, to renew its historic optimism.

Despite the almost obscene euphoria of the right, the world is not moving backward in sociopolitical terms.

In our geographical area of the world, Somocism and Pinochetism are no longer possible, and even though flagrant violations still occur that we must denounce and combat, respect for human rights has made substantial progress.

The so-called final end of social utopias and of socialism in particular, the total triumph of capitalism over any type of alternative model of social development, is more propagandistic than real.

The events that have occurred in the countries of East Europe and the Soviet Union itself mark both a step backward and historic progress.

They must be analyzed dialectically: One takes a step backward for the time being in order to move forward in the long run.

What collapsed with the Berlin Wall and the abortive coup in the USSR was not socialism, but rather, a fallacy: the fallacy that had the audacity to call itself true socialism but that in the final analysis was no more than inconsistent socialism.

Neither Marxism nor socialism has failed. Rather, what failed was dogmatism, bureaucracy, authoritarianism, and paralyzing fear of creativity.

True socialism will triumph. Real capitalism, true capitalism, if man prevails, is destined for total defeat.

Panama

Panama To Attend Summit as 'Full Member'

PA1112040891 Panama City ACAN in Spanish 2202 GMT 10 Dec 91

[Text] Tegucigalpa, 10 Dec (ACAN-EFE)—On 10 December, Panamanian Foreign Minister Julio Linares expressed his satisfaction that Panama will attend the

Central American summit as a full member for the first time, and not as an observer as has been the case since June 1990.

Linares stressed that the new role of full member at the Central American presidential summit ratifies the common willingness that moves all the countries to promote regional integration.

The official said that Panama has always faced the dilemma of being geographically linked with Central America, but having closer historical ties to South America "since colonial times."

Linares stated that today we do not want to hear the term Central America and Panama, but "only Central America, where we belong," he emphasized.

Panamanian President Guillermo Endara is expected to arrive on 11 December in Tegucigalpa, where he will participate on 12 and 13 December at the summit of presidents, which will be the fourth he has personally attended.

The seat of observer will now be filled by Belizean Prime Minister George Price, who was invited last September shortly after Guatemala recognized Belizean independence from Great Britain in 1981.

Guatemala is currently negotiating with Belize to find a solution to its demands over Belizean territory.

Shots at Presidency Said 'Psychological Warfare'

PA1012180391 Panama City Telemetro Television Network in Spanish 1722 GMT 10 Dec 91

[Text] At 0515 [1015 GMT] on 10 December, several armed individuals fired shots in the area adjacent to the Presidency of the Republic at a time when President Endara might have been leaving the Palace of the Herons. Immigration Director Antonio Dominguez gives his opinion on the subject.

[Begin Dominguez recording] I was informed of this alleged attack. However, as a person who has fought against the military from 1968 to the present, I never thought of carrying out an attack by shooting at a wall, and I maintain that anyone who wants to attack another person in the world can do so and could easily kill the other person. I am not an expert shot, but I know that if I proposed to kill someone, I would do it. Therefore, if these persons fired shots and fled, then this is simply the work of some group that wants to give the impression of unrest here and frighten people.

I think that I speak for President Endara. A shot, even pointblank, will not intimidate him. I believe that we have been trying for 22 years to make the country more decent, and nothing is going to stop us.

I think that none of the people who work with me in the government attributes any importance to threats. This is part of the psychological warfare that is being waged by those who were ousted from power. [end recording]

Agricultural Development Minister Resigns

PA0612151091 Panama City LA PRENSA in Spanish 5 Dec 91 p 44a

[Article by Lil Maria Herrera C.]

[Text] On 4 December Ezequiel Rodriguez submitted his resignation as agricultural development minister to President Guillermo Endara.

In a letter dated 4 December addressed to President Endara, Rodriguez said: "Since the first day I decided to accept your invitation to become part of the first civilian and democratic government to follow the dictatorship, I decided to put my best efforts into carrying out the responsibilities of head of the Agricultural Development Ministry."

He added that, after honoring commitments freely accepted, he hereby presented his irrevocable resignation of his position "not without first expressing my appreciation and best wishes to my cabinet colleagues and extending to you as president of all Panamanians my wishes for the success your administration and Panama expects and deserves."

Ezequiel Rodriguez will assume the position of ambassador to Mexico in 1992. This appointment was announced by Rodriguez and confirmed by President Endara.

Argentina

Menem Sends Greetings to Ukrainian President

PY0612190691 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 6 Dec 91

[Report by Silvina Martinez Porta at Government House]

[Text] President Carlos Menem has sent a greetings message to his Ukrainian counterpart on his recent election and basically on the result of the 1 December referendum in which most Ukrainian people favored independence.

In his message, the Argentine chief of state says that, using their right to self-determination, the Ukrainian people clearly have expressed their will, giving an example of civic and democratic conduct within the state of law.

Dr. Menem's message also stresses that on 1 December, the Ukraine exemplarily and peacefully completed a transition process that also affects other peoples and nations.

In this regard, Dr. Menem's message says that the international community hopes that the aforementioned process will be completed in harmony with those who have shared the same space and the same history for a long time.

In his message, the president also trusts that the Ukrainian Government will offer the security guarantees hoped for by the international community and that the commitments on nuclear disarmament will be fully respected.

In conclusion, President Menem addresses future relations with Ukraine. On this point, he proposes to formalize them as soon as possible, especially emphasizing the establishment of consular diplomatic relations.

Economy Minister Cavallo Leaves for Washington

PY1012175691 Buenos Aires CLARIN in Spanish 9 Dec 91 p 22

[Text] Last night, a few minutes before boarding the plane that was to take him to Washington on the first leg of his tour, Economy Minister Domingo Cavallo told CLARIN: "On Tuesday (tomorrow) I will meet in New York with William Rhodes and the other bankers from the Argentine creditors committee. I will listen to the ideas that they want us to consider regarding the proposal that we will present to them."

The economy minister noted: "I want to make it clear to you that this does not represent a negotiation, merely informal meetings before the concrete talks that we will begin with the bankers in January."

Cavallo was in Washington on Friday for a meeting of private investors sponsored by Enrique Iglesias, president of the Inter-American Development Bank (IDB). IMF Managing Director Michel Camdessus; World Bank President Lewis Preston; and David Mulford, the U.S. Treasury Department number two man [as published], participated in the morning session of the meeting.

The minister told CLARIN that the three lecturers "praisingly mentioned Argentina" and that Preston said that while it took several years for Mexico to achieve the repatriation of $17 billion worth of capital, Argentina has repatriated $6 billion since April 1991, that is, in eight months.

"I found a very favorable atmosphere for Argentina," stressed Cavallo last night when he prepared himself to travel to Washington again after returning from Washington on Saturday morning to attend the high school graduation ceremony of his eldest daughter, Sonia. "She would have killed me if I had failed to attend," Cavallo said.

Today Cavallo will attend a meeting sponsored by the International Economy Institute where, before 150 bankers, officials from the multilateral loan organizations, and representatives from academic sectors, he will lecture on the philosophy of his economic plan. He will be followed at the podium by Finance Secretary Ricardo Gutierrez and Public Revenues Secretary Carlos Miguel Tacchi, who will lecture on fiscal matters, and by Central Bank President Roque Fernandez and Daniel Marx, Argentina's financial representative in the United States, who will lecture on the foreign debt issue.

Cavallo told CLARIN: "These lectures are connected with the loan with easier terms (that is being negotiated with the IMF) because we made a presentation there about the consistency of the economic plan that we are implementing."

Nevertheless, the key leg of the minister's tour is clearly in New York. As he confided to CLARIN, there he will hold informal meetings with the bankers from our country's creditors committee seeking to define the scope of the proposal that is currently being drawn up and that will be negotiated in January.

Foreign Minister Assesses Trip to Japan

PY1012204691 Buenos Aires TELAM in Spanish 1824 GMT 10 Dec 91

[Text] Buenos Aires, 10 Dec (TELAM)—Foreign Minister Guido di Tella today labeled the progress made in relations between Argentina and Japan as very "important." He also announced that the Japanese Eximbank "granted us a credit of $150 million."

Di Tella said the Japanese Eximbank "wants to help us." He added: "We held talks to get the support we need to join the Brady plan." Di Tella also said he is "satisfied" with the result of the audience given him by Emperor Akihito in Tokyo.

Di Tella made an assessment of his trip to Japan and talked about his upcoming visit to Korea during a teleconference held from Tokyo with the Argentine press.

Di Tella said: "Our goal is to change the current weak relations between the two countries and to lift it up to the level of importance of relations with the United States and the EEC."

Di Tella said: "Japan is growing at a greater rate than other countries, and the projections for the end of this century indicate that Japan will be first followed by the EEC and the United States, in that order."

Asked about the results of the meetings, Di Tella said: "We made progress on concrete issues. The Japanese Eximbank has opened a line of credit of $150 million, half of which will be used for the Yacyreta dam and other projects."

He added that the Eximbank "wants to help us. We held talks to get the support we need to join the Brady plan."

Di Tella also said that Japan, "like a great majority of countries, had a poor opinion about us due to our erratic behavior in the past." He added: "This is really changing because now there is confidence and credibility in Argentina."

In this regard, he said, "Japan is willing to sign an investment guarantee treaty" and that the negotiations will begin next week. He added that some Japanese businessmen "who had the wrong opinion about Argentina have now changed their position and are interested in investing."

Regarding his audience with Emperor Akihito, he said that "this is a very important sign because it is unusual for him to meet with many foreign officials." Di Tella said that during the meeting (held through an interpreter), "I explained to him the profound changes made in our government and the main points of our economic program, on which he was very well informed."

Di Tella also said President Menem may visit Japan next year. He also announced that the new Argentine Embassy in Tokyo will be opened on 25 January 1992.

In relation to the three-day visit to Korea that he will begin on 11 December, Di Tella said: "This is a new sign of the importance we want to give to our relations with this part of the world. We are setting the basis now for reaping the benefits later, although we are aware that results cannot be obtained in a single mission."

CNEA Told To Move From Chubut Property

PY0612163091 Buenos Aires TELAM in Spanish 1526 GMT 6 Dec 91

[Text] Rawson, 6 Dec (TELAM)—The Chubut provincial government has notified the authorities of the National Atomic Energy Commission [CNEA] that, within 10 days, it must leave the property in the Gastre area which, according to some reports, the CNEA planned to turn into a nuclear dump.

The decree is signed by Governor Fernando Cosentino. It states that the CNEA must leave the property "within 10 days of receiving the notification." The property comprises some 7,500 hectares in the Sierra del Medio, Gastre.

The CNEA is carrying out feasibility studies on the location of a radioactive waste material dump.

The decree admits that the CNEA is authorized to complete its studies, but the authorization does not specify if it can decide on the feasibility of the dump.

* Some 10,000 Buenos Aires City Workers Idle

92SM0107A Buenos Aires CLARIN in Spanish 10 Nov 91 p 11

[Text] The municipality of Buenos Aires is attempting to effect rationalization. Some 10,000 employees, almost 11 percent of its personnel is no longer carrying out any specific function, following the transfer of various departments to the private sector. There is a job conversion program and a voluntary retirement registry. On the basis of an agreement between the community and the municipal workers' union, the employees can choose between remaining with the government and taking jobs in the private sector. The majority are remaining with the municipality.

According to the municipal under secretary general, Isidoro Felcman, no one will be left without a job. "Unless they want to leave, employees will continue to work in some other department, or in private enterprise, on the basis of a job conversion program," he said.

At the beginning of last month, the five decrees signed by Carlos Grosso in order to complete rationalization angered the radicals, the leading minority in the Deliberative Council, and this led to a conflict which is continuing within the justice sector.

The employees who have no duties to perform are helping out in the cleaning, street and path maintenance, and parking control sectors, which, together with others which have now been transferred to the private sector.

An agreement between the municipality and the trade union, the secretary general of the UOEM [Municipal Workers and Employees Union], Amadeo Genta, has told CLARIN, allowed these employees to choose between remaining with the municipality or going into the private sector. Almost all chose the state over the market economy.

Both Pablo Calzon Flores, the head of the radical bench in the Deliberative Council, and liberal Councilman Carlos Maslaton, have criticized the failure to transfer personnel to the enterprises granted the concessions for the privatized services. "It is as if Entel [National Telecommunications Enterprise] personnel were to continue working for the state," Maslaton commented. Unlike Calzon Flores, he is in favor of the rationalization as Grosso has planned it.

For the Peronists, transfers to the private sector, on the one hand, while retaining the employees, on the other, is

nothing new: this has already happened with the military and the radicals, they say. They cite the garbage collection situation. Since 1980, Manliba, which has 1,200 employees, has been responsible for the northern and central parts of the city. Meanwhile, beginning in the middle of the last decade, Cliba, with 600 employees, took over collection in the western zone.

The municipality collects the garbage in Lugano and Soldati, an area with a low level of consumption which therefore produces the smallest quantity of garbage in the capital. However, 2,500 employees are assigned to this task.

In Felcman's opinion "this must be reviewed. The enterprises will have to absorb at least a part of this personnel. We have already taken the first soundings, and I do not believe there will be any problems."

Almost 100,000 Employees

The most recent government figures indicate that as of 31 August, the municipality had 95,109 employees, some 3,500 fewer than in December 1989. The tables accompanying this article show that between 1983 and 1989, under the radical administration, the personnel total increased by something over 14,000 persons.

Horacio Vivo, under secretary for the press during all of the years of radical administration, admits the increase, and he argues that in 1984 "we hired 3,000 employees who had been dismissed by Cacciatore for ideological reasons, thus fulfilling a Council order. In addition, we took over various services and activities which had not been provided by the military, such as the cultural and CIPEC [expansion not given] programs. The multiple sports departments were fully operational, and we are expanding coverage in the health, social assistance, and education sectors."

The municipal workers are employed in two major areas:

The central administration employs somewhat more than 80,000 individuals, including permanent employees (more than 67,000), those on contract (some 5,000), and the so-called general staff (8,000), which includes the resident physicians, substitute guards, medical scholarship students, nursing aides, and substitute teachers. It is estimated that there are 18 teachers and 20,000 medical and paramedical employees.

The decentralized and self-governing bodies—theaters, the City Bank, and the subway system, among others—employ almost 15,000 individuals, of whom some 12,500 are permanent staff.

With something over 95,000 employees and something under three million inhabitants, this makes a ratio of one employee for every 31 citizens. Even if the municipal medical and teaching staffs are excluded, the ratio is one to 52. To cite only a single comparison, there is one employee for every 125 citizens in the municipality of Rome.

The Cost

A comparison of personnel costs and total municipal expenditures is interesting. Between January and June of this year, the community spent some $400 million on payments to its employees, or 56 percent of the total expenditures. In other words, out of every 10 australes the municipality spends, more than 5 go to pay wages.

If municipal pensions and retirement payments are added to the costs for the active workers, the figure is even higher.

Another problem is the proliferation of "bosses." While in 1976, the "chiefs" accounted for 15 percent of all of the "Indians," the proportion had increased to 26 percent by the end of 1989. Some people cite an estimate which is even easier to understand: there is one boss for every three employees.

The reason is simple. As the wages of the personnel on the base or executory level are very low, demands for promotion are widespread. This is one of the reasons administrative careers have been consigned to oblivion.

Methods of Protesting

While the radicals gave priority to legal methods of opposing Grosso's decrees, the trade union opted for the creation of a tripartite commission in which the union, the Council, and the municipal government are represented.

The commission has already met twice, although the radical sector has not yet appointed its representative. Something has been agreed upon. Before the end of the year, control of employees' schedules by means of a magnetic card system will be initiated, and the medical supervisory service will be transferred to the private sector.

According to Felcman, after schedule control and labor norms have been implemented—imagine an absentee rate of 30 to 35 percent!—and an employee survey which promises to be exhaustive has been completed, "we will know how many people are really working."

This official has estimated that 2,000 or 3,000 employees will be relocated in hospitals and institutions serving the public. He said that many will choose voluntary retirement, and "for the rest, we plan to create a job conversion fund which will make their reincorporation in private activity possible. The important thing is for no one to be put out into the street."

A voluntary retirement registry has been in existence since March. At the end of October, 2,800 individuals had signed up, including 1,100 who did so after the decrees providing for indemnification in amounts below the retirement figures were made known.

The Council's Complaint

On Tuesday morning, the president of the Deliberative Council, Ricardo Marcos, of the radical sector, is planning to present a lengthy 14-page document to the

National Chamber of Civil Appeals alleging that Intendant Carlos Grosso has interfered in the sphere of authority attributed to the Council, CLARIN has been told by Councilman Hector Constanzo, one of the leading lights in the UCR [Radical Civic Union].

The radicals are the leading minority in the Council, and they succeeded in getting that body to approve this presentation during the 17 October session. In their view, decisions pertaining to the wage scale for personnel are the responsibility of the Council, in accordance with the basic law governing the municipality.

But the Peronists are certain that the courts will side with them. "All Grosso did was to issue regulations on national decrees based on the State Reform Law," they say.

The decrees being challenged establish new functions for the Operational Needs Registry (RENO), a kind of stock market for relocating personnel, and they have created the Municipal Administrative Profession System (Simupa), the local version of the new wage scale for the national public administration, which is to go into effect on 1 January.

In reality, the radicals favor a reorganization of the municipal personnel, but they are angered by the "way in which Grosso plans to effect it," Calzon Flores, leader of the radical bench, says. He suspects that the rationalization will affect 20,000 individuals.

Maslaton, on the other hand, believes that the Council, and especially his own bloc, the UCeDe [Democratic Center Union], should "give the intendant a little more support on this policy."

The trade union, for its part, placed its reliance on the appointment of a tripartite commission representing the union, the municipality, and the Council, rather than counting on the outcome of the court claim. "As things are, they will probably be proven right," Amadeo Genta, a supporter of the Miguel faction, admits. He says that "a reform must be implemented, because there are sectors with poor personnel distribution." He expresses the certainty that if there are dismissals, the union will prepare for war.

Bolivia

Government Studying U.S. Extradition Request

PY0912213491 La Paz EL DIARIO in Spanish 3 Dec 91 p 3

[Text] The Foreign Ministry has confirmed that it is studying the U.S. request for the extradition of 14 drug traffickers but that no legal procedures have been made to hand over the drug traffickers to U.S. justice officials. Foreign Ministry General Advisor Armando Loayza Mariaca said that according to a press note released by the Foreign Ministry at the conclusion of the 120-day deadline established by the government in the "Repentence" Decree, under which seven drug traffickers surrendered voluntarily, the government will make an evaluation of the extradition issue in Bolivian-U.S. relations from the viewpoint of international law.

In this regard he said Bolivia and the United States expressly agreed that the April 1900 Bilateral Extradition Treaty and the 1908 Vienna Convention against illegal drug trafficking currently in force between the two countries must rule any legal action related to extradition.

According to the note, Loayza said that within that framework the U.S. Government submitted two extradition requests in April 1991 for the family of "Techo de Paja," which the Foreign Ministry has put at the consideration of the Supreme Court based on an internal regulation that says that the Supreme Court must be aware of all extradition requests.

Loayza did not comment on the legal procedures to be taken regarding the 14 extradition requests because, according to Foreign Minister Carlos Iturralde, they are reportedly "frozen" by the Repentence Decree.

The note adds that these cases are being evaluated from the domestic viewpoint by Interior Ministry officials who will probably report who among the namelist of individuals requested by the U.S. Government for extradition benefitted from the "Repentence" Decree in order to be tried in our country in accordance with Law 1008 on coca regulation.

The note released by the Foreign Ministry concludes by saying: "Bolivia as a legal body must cooperate with international law, including extradition, because it is obligated by that law which is especially described in the 1908 Vienna Convention. It should be recalled in this regard that the attorney general, in a recent decision addressed to the Supreme Court related to extradition, recognized the international commitments contained in the 1908 Vienna Convention."

Waterway Committee Meeting Begins in La Paz

PY0912153291 La Paz Radio Fides Network in Spanish 1100 GMT 9 Dec 91

[Report by Nataniel Alvarez from Santa Cruz de la Sierra]

[Excerpts] Today, listeners, I want to talk to you about the Parana-Paraguay waterway project.

Argentina, Bolivia, Brazil, Paraguay, and Uruguay are interested in dredging sections in these two rivers in order to guarantee their navigability day and night all year round. This is currently not possible, only during daytime and in good conditions.

To address the status of this project, the five aforementioned countries yesterday began here the seventh meeting of the waterway intergovernmental committee that was created one and one-half years ago.

Opening the discussions, Defense Minister Alberto Saenz Klinsky expressed our country's wish to sign an agreement on river transportation that would enhance trade via the waterway. Such an agreement would involve a number of basic standards to facilitate navigability and, in a nutshell, to reduce bureaucracy over the waterway.

Carlos Zannier, the Foreign Ministry economic affairs and integration under secretary, told "La Hora del Pais" program that our government intends to conclude the negotiations on this issue or, at least, to make good progress on them.

This issue is not new. It was repeatedly mentioned during the visit of Uruguayan President Luis Alberto Lacalle.

It seems that Bolivia and Uruguay are more enthused over the project than Argentina, Brazil, and Paraguay. [passage omitted]

The Fonplata [Financial Fund for the Development of the Basin of the Plata River] has just ended its 74th meeting here. The meeting postponed until next January the approval of two loans for Bolivia. A special meeting will be held in La Paz on 5 and 6 January to discuss this issue. [passage omitted]

The Fonplata meeting elected Carlos Anibal Martinez, an Argentine citizen, as the chairman of the Fonplata board of directors for 1992. Fonplata postponed until March 1992 the approval of the 1992 Fonplata operations budget.

Brazil

Collor Says 1992 Will Be 'Year of Sacrifices'

PY1012174891 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Dec 91 Political Section p 4

[Excerpt] Brasilia—President Fernando Collor was sweating after a five-km run on Sunday, but despite being tired he talked to reporters for 30 minutes. He noted that 1992 will be a difficult year, although it will be better than 1991. He said: "Next year will still be a year of sacrifices. It is necessary for society at large to become aware that there are new rules that are here to stay and that businessmen should act accordingly."

Collor once again attacked economists. He said: "They still cannot see that inflation has declined." He also criticized customers of consultant services by describing as "incredible" the fact that "they act as happy customers" only when "the reports predict chaos or pessimism." [passage omitted]

Letter of Intent to IMF Details Measures

PY0912103091 Rio de Janeiro O GLOBO in Portuguese 5 Dec 91 pp 26, 27

["Text" of Letter of Intent to IMF, released in Brasilia on 4 December 1991]

[Text] Dear Mr. Camdessus:

1. The performance of the Brazilian economy was bearable in the 1980's. "Per capita" income stagnated, investments dropped abruptly, and large macroeconomic imbalances led to extremely high inflation rates in the early 1990's. When the current government was installed on 15 March 1990, the monthly inflation rate was 84 percent. During the course of 1989, although the economy was expanding at a rate of 3.25 percent, mainly because of an increase in consumption, the real GDP's [gross domestic product] growth steadily declined until it became negative during the first quarter of 1990. In 1989, the balance of payments closed with a total deficit of $3.3 billion, financed by the accumulated overdue foreign debt payments.

2. When the current government was inaugurated, it began a broad adjustment program with the goal of eliminating inflation and increasing the volume and efficiency of investments in order to promote the resumption of sustained economic development. The program included a general price freeze and the creation of a new currency, the cruzeiro, which replaced the new cruzado. The liquidity was drastically reduced by withholding two-thirds of the financial assets; the monetary correction for most of those assets during the program's first months was maintained well below the inflation rate; and the fiscal policy was strengthened. The program also included important structural reforms designed to increase the efficiency of the economy, reduce poverty, and promote Brazil's integration into the international economy by reducing the public sector's role in economic activity, liberalizing domestic and foreign transactions, and privatizing many public companies.

3. A substantial drop in the inflation rate, accompanied by a strong reduction of economic activity, was reported in the program's initial stage. Nevertheless, as the correction of public finances could not be maintained, as a substantial portion of the withheld assets was released during the program's initial stage, and as the monetary policy in some periods was rather passive, inflation increased again—as a consequence. Nevertheless, substantial progress was made in liberalizing the rules governing the domestic markets—seeking an increase in competition—and in implementing a new administrative reform that removed several autarchies and other public administration organizations, and reduced the number of public servants by almost 10 percent. The nominal financial requirements of the nonfinancial public sector were reduced from 83 percent of the GDP in 1989 to 30 percent of the GDP in 1990, while the operational and primary categories registered surpluses of 1.25 percent of the GDP and 2.25 percent of the GDP, respectively. The real GDP registered a 4 percent drop in 1990; the overall deficit in the balance of payments totaled $8 billion; and an additional accumulation of overdue foreign debt payments was recorded.

4. Foreign trade and foreign exchange were significantly liberalized in 1990-91. In March, the official exchange rate—used for commercial operations—was established for the interbank market the same way that rates applied to

certain transactions of capital and services (exchange rate for tourism) are established. Following that system, the Central Bank's participation in the exchange market began to reflect a need to achieve the goals of foreign exchange reserves, bearing in mind, at the same time, the effect of the deregulation of imports and the increased competitiveness of exports. The spread between the official exchange rate and the exchange rate for tourism on the interbank market was significantly reduced during the second half of 1990; the restrictions applied to certain private groups' foreign obligations—including those involving overdue payments—were removed in 1990 and early 1991, and the rules and regulations on the movement of private capital were liberalized during the first half of 1991. Still in 1990, most of the quantitative restrictions on imports were abolished, the issuance of import permits became automatic, the list of banned imports was abolished, foreign financing requirements for imports were suspended indefinitely, and most fiscal incentives for exports and import tariff exemptions were removed.

5. A comprehensive multiyear foreign trade liberalization program has been set in motion. Along with this program, custom tariffs have been restructured for the purpose of promoting the opening of the economy, the technological modernization of the country, and the improvement of efficiency in the economy. With the program, the highest tariff will drop from 105 percent in 1990 to 40 percent in January 1994, and the average import tariff—excluding oil tariffs— will drop from 32 percent in 1990 to 14 percent in January 1994. The program's first phase was implemented at the beginning of 1991, when the highest tariffs were reduced to 85 percent and the average tariffs to 25 percent. The government is jointly working with three neighboring countries—Argentina, Paraguay, and Uruguay—to establish a common market at the end of 1994.

6. In the face of the deterioration of public finances and the accelerated growth of inflation, at the end of January 1991 the government implemented a set of measures that included major readjustments of public service rates and a new price freeze. The government also canceled overnight [preceding word in English] transactions from the public security market (except for transactions between financial institutions). The government also created Financial Investment Funds (FAF)—which must invest part of their resources in federal and Central Bank securities—and established a new system for the computation of interest on the financial market (the Referential Interest Rate—TR). Considering that the new monetary policy measures and other measures have proven insufficient for substantially reducing inflation when prices were—as scheduled—made more flexible, the monthly inflation rate rose in September from 15 to 16 percent. The consumer price index rose even more after September as a result of the effects of the cruzeiro's devaluation at the end of that month, of the fast increase in prices of farm products during the period before the next harvest, of the adjustment of utility rates, and of the early price increases that were based on unfounded expectations of a new freeze. The real GDP is expected to register a small growth between 1990 and 1991.

7. The release of financial assets—which were frozen in March 1990—was planned for September 1991 in 12 monthly installments. In order to supply tangible evidence that it would fulfill its promise to release such assets, the government began to release them one month ahead of schedule. All accounts with balances below a ceiling of 200,000 cruzeiros were released, and one-thirteenth of all other accounts were released up to a ceiling of 200,000 cruzeiros. At the same time, the government created a financial investment system for the released assets (the Special Earnings Deposits, with annual earnings equivalent to the TR plus 8 percent, while savings accounts earn the TR plus 6 percent), with a view toward motivating the owners of the released accounts to keep them as domestic financial assets.

8. In view of the difficulties encountered when attempting to reach stability in recent years, and taking into account the persistent inflationary process in Brazil, it became obvious that a broader approach was necessary for fighting the roots of inflation. To this end, the government designed and already has begun to implement a comprehensive medium-term program of adjustment and structural change. Its objectives are to promote a gradual but sustained reduction of inflation, strengthen savings, recover credibility in the administration, and intensify the adoption of reforms with a view toward promoting sustained economic growth in the medium term, with an appropriate balance of payments.

9. In an effort to reach those objectives, the government is adopting measures that will have immediate effects on the fiscal and credit areas; it is intensifying its efforts in Congress for implementation of institutional changes in order to enforce an additional adjustment of public finances and promote foreign and domestic private investment; it is engaged in a comprehensive fiscal reform that will permanently increase revenues, restrict spending, and establish new financial relations between the various government levels; it is taking additional steps to reduce the public sector, thus increasing the role of market factors—even through privatization of state-run companies; and it is promoting the liberalization of trade in order to promote an environment of competitiveness.

10. The government is thoroughly engaged in implementing the policies that are part of this economic program. To support those policies, the government is hereby applying for an IMF credit of 1.5 billion SDR [Special Drawing Rights] for a period ending in August 1993. The government believes that this program will produce a sustained reduction of the inflation rate—after the recent acceleration—and that at the end of 1992 the program will facilitate an even stronger reduction so that in 1993 the inflation rate should stand at approximately 20 percent. The GDP is expected to remain, in real terms, practically unchanged in 1992, while in 1993 it is expected grow by about 3 percent, and as of that year, by 5 percent a year.

11. The government already has adopted more restrictive monetary policies, and is determined to maintain such policies until expectations are reversed and the inflation rate is reduced to a stable rate. In mid-August, the government ordered the creation of additional bank reserves in the Central Bank, covering 100 percent of increases in time deposits. Interest rates substantially increased at the end of August because of, among other reasons, a promotion of local financial savings aimed at preventing the improper growth of credit availability, which could have been produced by the end of the freeze on financial assets. Thereafter, interest rates have remained high in real terms. Utility rates have been increased to compensate for most of the recent lag, while the real exchange rate was adjusted by a significant margin.

12. The adjustment of public finances is crucial for the success of the stabilization effort. The aforementioned fiscal reform comprises not only a broad tax reform, but also a redefinition of the state's role in the economy. It includes a clear specification of the responsibility of each government level (federal, state, municipal). This highly complex task calls for meditation, negotiation, and support, both from the government—including Congress—and from society as a whole.

In view of this complex task, the legal demands involved in all fiscal issues to be discussed by Congress, and the short time available before the start of the next fiscal year, the government has designed a tax reform strategy divided into two stages.

13. The first stage of the tax reform consists of a series of measures that either already have been adopted by the executive branch or submitted to Congress at the beginning of November. The objective of the measures is to promote fiscal equity, simplify the income tax declaration procedures, and generate the necessary resources for the immediate implementation of the stabilization program. The second stage, which is designed to consolidate the fiscal effort, will be sent to Congress during the first six months of 1992 and implemented early in 1993. The government is listening to the viewpoint of private and official specialists and has decided to request technical assistance from the IMF Fiscal Affairs Department and World Bank specialists in order to take advantage of international experience in this field.

14. In 1992, the government will try to obtain a primary surplus in the accounts of the nonfinancial public sector, which has to be compatible with a significant reduction of the pressure exerted on resources, and to uphold a rigorous credit policy, which is necessary to fight inflation. It is expected that the primary surplus of the nonfinancial public sector (excluding the revenues resulting from the privatization program) will go from 1 percent of the GDP to 2.3 percent of the GDP in 1992—only considering the efforts being made in the federal sector—plus 0.7 percent of the GDP resulting from actions of other governments' areas. The fiscal effort will thus allow obtaining 4 percent of the GDP in 1992, considering that the primary result will reportedly represent a deficit of 1 percent of the GDP, if former policies continue to be in force, especially in terms of the increase in social security benefits and the estimated decline of revenue.

15. Despite the improvement in the primary surplus, it is expected that in 1992 the deficit of the nonfinancial public sector will reach 2.7 percent of the GDP because the payments of the foreign debt's real interest will surpass those of 1991 as a result of the credit control policy and the increase in the cost of the public debt financing following the sequence of the release of withheld assets (new cruzados). Early in 1993, additional efforts will seek to increase the 1991 primary surplus to at least 4 percent of the GDP. It is expected that these efforts will help to obtain a surplus, excluding monetary and exchange corrections, of nearly 0.5 percent of the GDP in 1993, which will allow the reduction of the domestic foreign debt.

16. The increase of the primary surplus and the expected reduction of the inflation rate should permit a reduction of public sector financing needs (NFSP) from 3.5 percent of the GNP in 1991, to 18 percent of the GNP in 1992, and to nearly 5 percent in 1993. The maximum quarterly NFSP's and quarterly operational results, as well as the minimum indexes of the primary surplus, will be listed in Sections III, IV, and V of the annex entitled Technical Memorandum of Understanding.

17. In order to reach the fiscal adjustment targets set for 1992, the government is trying to make immediate progress in the areas of income tax reform, indirect taxation, and tax management. As previously said, the government in November 1991 submitted to Congress the necessary bills, and it expects that they will take effect on 1 January 1992. At the same time, the control of expenditures will be strengthened and utility rates will continue to be readjusted as described below.

18. According to the bills submitted to Congress, all taxes, including social security contributions, will be indexed to the Reference Fiscal Unit (UFIR), which will be regularly adjusted for inflation. The reform of the income tax paid by individuals provides for an increase of taxes paid by people in the higher income bracket, along with a simplification of income tax statements that will free 3 million people from the obligation of making income tax statements. In addition, the bills establish stricter limits for the deduction of indirect benefits from the sum that is used for calculating the income tax paid by corporations. For individuals, deductions will remain unchanged, with the exception of education expenses, which will be deductible to a specific limit. As for corporations, the income tax will be paid on the basis of the current flow of income so that enterprises will pay taxes as they make profits. As a result of this, an equivalent of two-thirds of the income tax that enterprises have to pay in 1993 will be paid in advance, in 1992. At the same time, in order to promote investment, accelerated two-year depreciation of machines and equipment will be authorized for investments made before 31 December 1993. Taxes on net profits should be reduced from 8 to 5 percent in 1992, and progressively to zero percent in 1994. In addition, the Industrialized Products Tax (IPI), which taxes

cigarettes and cars, already has been increased from 320 to 330 percent in the first case, and from 26.4 to 36.5 for the second product. Meanwhile, a bill has been submitted to Congress proposing the elimination of 27 taxes in order to simplify the tax system.

19. Fiscal reform measures have been proposed to attract foreign investors. The supplementary tax on the remittance of dividends and royalties [preceding word in English] to foreign investors will be eliminated and the income tax on the remittance of profit abroad will be reduced whenever the income tax rate adopted in the countries to which the profit is being sent is lower than the rate adopted in Brazil. The real dividends of foreign institutional investors will be taxed at 15 percent, instead of the current 25 percent, and capital gain will be exempted from income tax.

20. The government is adopting new measures to ensure compliance with the fiscal obligations. That effort involves contracting, in a short period of time, 1,500 fiscal auditors and 2,400 assistant auditors to improve the fiscal auditing system; the exchange of information on taxpayers between the National Treasury and the Social Security System; and improving the procedures and information system that are required for the collection of taxes that have become due. The legal outline that ensures the payment of taxes will be strengthened through measures, some of which are being currently debated in Congress. Such measures will make it possible to declare a non-availability of assets and a certain flexibility regarding bank secrecy in the case of fiscal crimes. The collection, through litigation, of taxes that have become due will be sped up through negotiation between taxpayers and the Federal Revenue Office. In addition, the government already has decreed that data on fiscal crimes be supplied directly to the office of the attorney general of the Republic.

21. According to the Budget Guidelines Law (LDO), the 1992 budget will not allow a real increase in federal government debt to pay for nonfinancial expenses. In addition, the government will continue to implement an expense-curbing policy based on the control of cash flow and a 10-percent reduction of certain costs. As to the payroll, the federal government has submitted to Congress a proposal for readjusting the salaries of public employees in a way that is compatible with the fiscal restrictions. That proposal formalizes the policy the government has been implementing for the last six months. The government is negotiating with state and municipal governments for the development of adjustment programs to improve their financial situation. In addition to the expense control measures already mentioned, the government intends to adopt a policy restricting its net credit to the private sector and ensuring that the overall cost of loans to the Treasury be transferred to the last organization to obtain the credit, except when the budget contemplates the assignment of funds to cover the difference.

22. At the same time that significant efforts are being made to reduce current expenditures, it is estimated that an increase of approximately 1 percent of the GDP in 1992 will pay for the social security benefits as a result of implementing the benefits granted by the Constitution promulgated in October 1988. The increase in benefits decided on in September 1991, along with the basic benefit assigned to the minimum wage, also led to the protection of the standard of living of retirees and disabled people and to expanding the coverage of rural workers. A working group was created to analyze a long-term reformulation of the rules on social security benefits, and some short-term measures will be adopted to reduce expenses through the elimination of improper benefits and to increase revenues through improving the contribution collection system. As a result of all these measures, the primary surplus of the Union General Budget, estimated at 0.5 percent of the GDP in 1991, will have to increase to 1.2 percent of the GDP in 1992, and it is expected to reach 1.9 percent of the GDP in 1993.

23. It is expected that the primary result of the state-owned enterprises will go from a situation of quasi-balance in 1991 to a surplus of 1.1 percent of the GDP in 1992 and 1993. That improvement will be possible as a result of a real average increase in public-sector tariffs, which currently is being implemented, through the subsequent maintenance of prices in real terms and through the improvement and better implementation of controls on enterprise expenditures and loans, including the ban on accumulating overdue debt. It is estimated that with the recent increases the average prices in the public sector in 1992 will be approximately 15 percent higher than the average rate in 1991, in real terms. At the same time, the government will allow a better adjustment of regional prices and the corresponding costs (differentiation) and an additional release of some prices in the metal working, rail, and telecommunications fields.

24. An ambitious privatization program that is expected to yield approximately $18 billion in the next few years was launched in October 1991 with the sale of Usiminas [Minas Gerais Iron and Steel Mills, Inc.], the largest iron and steel company in Latin America. The shares of three other smaller companies have been auctioned since then. The government will go ahead with the privatization program and auction the majority of shares of another 10 steel and iron, petrochemical, fertilizer, and transport companies. The government, furthermore, will sell its shares in 16 other petrochemical companies. The privatization program is open to foreign investors, and, according to current estimates, it will yield the equivalent of 0.5 percent of the GDP annually during the 1992-1993 period.

25. State and municipal governments should increase their primary surplus from 0.5 percent of the GDP during 1991 to 0.7 percent of the GDP during 1992, and 1 percent of the GDP during 1993. Such a surplus would increase at the same rate the adjustment programs negotiated between the federal government and the states, the federal district, and municipalities become consolidated. The 1992 projected surpluses reflect a moderate increase in the federal government's transfer of funds to local governments, which would be partially offset by an increase in expenditures. Besides—

as is the case with public companies—the financing of state and municipal government projects will be subjected to new and stricter limits.

26. The federal government submitted a bill to Congress in October seeking to further adjust public finances. The bill proposed institutional reforms in the distribution of revenues among federal, state, and municipal governments for 1992 and 1993; a prohibition on states issuing new public debt titles; and a program to restructure the debt in which the federal government will take over states' debts in exchange for the implementation of a two-year adjustment program at the local level. The program will seek to restructure state spending; it will tax capital gains obtained through subsidies to the housing credit system—which could otherwise jeopardize government fiscal stabilization efforts in the next few years; and it will tax fuel distribution, the resources of which are being used to maintain streets. In that context, any real revenue increase during the 1992-1993 period, compared with 1991, will be used entirely by the federal government to shore up its fiscal adjustment efforts.

27. The government attaches significance to maintaining its current policy of restricting credit as a way to achieve the objective of reducing inflation. The government is aware that such policies will continue to result in very high real interest rates until the fiscal adjustment is consolidated. In formulating the 1992 credit program, an attempt was made to make it consistent with a substantial reduction of inflation in 1992 and the program's external objectives. Thus, the program was based on a conservative estimate of the demand for currency. Ceilings have been set for the expansion of the Brazilian Central Bank's internal liquid assets, as described in Section II of the attached Technical Memorandum of Understanding. Furthermore, if necessary, the credit policy will be adjusted later with a view to guaranteeing the objectives concerning inflation reduction.

28. The government will adopt measures designed to improve the financial system's competitiveness and efficiency. To that end, the government submitted to Congress a proposal to reduce the fiscal burden that widens the gap between rates on deposits and loans, but taking into account considerations linked to tax collection. The federal government will also cooperate with state governments in strengthening the system of state banks.

29. The government's economic program continues to emphasize the liberalization of domestic and external transactions. Price controls that were established on 31 January 1991 have been gradually removed. Those controls are currently applied only to a small list of basic products and to some oligopolistic groups. The list of monitored prices also has been markedly reduced and will be eliminated as inflation declines. Additional progress will be made in curtailing state intervention in the economy and in promoting direct foreign investments through institutional changes that will attract private investment to areas that thus far have been reserved for the public sector, such as telecommunications, mining, transportation, and oil marketing; and through a nondiscriminatory treatment of foreign and local companies. As stated below, the program includes additional measures to liberalize foreign trade.

30. The government's economic strategy assigns high priority to reducing poverty and creating jobs. In addition to extending social security benefits to less-favored social groups such as rural workers and to increase benefits for low-income groups, the government has proposed eliminating or reducing income taxes on those groups and is undertaking to implement a new, comprehensive educational program for children of low-income families. That includes health care and food programs in schools. The major benefit for low-income sectors will stem, however, from the elimination of inflation and the resumption of sustained economic growth. The government also has improved and strengthened the implementation of its environmental policies.

31. Concerning efforts being made to reduce intervention in the labor market, the government has adopted measures to reduce salary indexation in the salary bargaining process.

The indexation of federal public employees' salaries has been abolished, and a new law was approved in September 1991 reducing the indexation imposed on other salaries. A system to protect salaries totaling three times the minimum salary was adopted, with readjustments every four months based on the past inflation rate combined with bimonthly predictions of a minimum of 50 percent of the inflation rate in the previous two months. The salary policy will be continuously assessed in order to make it compatible with the reduction of inflation and the resumption of the economic growth that is expected to be achieved.

32. The government will maintain the fluctuating exchange system administered for commercial operations, and the Central Bank will intervene in the exchange markets only to be consistent with the program of strengthening its international reserves and the intention of a feasible medium-term balance of payments. The Central Bank's goal for an international reserve level has been specified and is described in Section I of the Technical Memorandum of Understanding included in the annex. The country's potential to achieve those objectives has been strengthened by the recent real devaluation of the cruzeiro.

33. As mentioned above, the 1991 exchange restrictions on current transactions and the recorded flows of private capital are being progressively abolished, while the fees [agio] between the commercial and the tourism exchange rates have remained, on average, below 15 percent. The government is still committed to removing the exchange restrictions on payments and transfers related to current transactions, and of any remaining multiple exchange rates practices. In that context, the government intends to eliminate, in 1992, the restrictive elements in the agreement for bilateral payments with Bulgaria.

34. The government will continue opening the economy in order to increase economic effectiveness and promote technological innovations through greater competition in the internal market. In that context, in January 1992 the government will implement the second stage of the multi-annual reform of import tariffs, reducing the maximum import tariff to 65 percent and the average tariff to 21 percent, excluding oil. In the beginning of 1993, those levels will be reduced to 50 percent and 17 percent, respectively. The government also will try to eliminate the remaining barriers on trade. Moreover, it will grant authorization for the automatic issuance of import guides to private financial institutions as soon as the necessary installations and systems are available. The government will also abolish, in October 1992, the demand for previous authorizations for imports of informatics products. The reform of the foreign trade policy must be supported by loans granted by multilateral development banks and bilateral creditors.

35. Aided by a drop in international interest rates, the rescheduling of the debt by the creditor banks, and the real devaluation of the cruzeiro, the foreign deficit in our current account will average an estimated $1.6 billion per year for 1992 and 1993. Despite a significant investment of foreign capital in the Brazilian private sector—whether or not as a result of debt- contracting operations—the capital account is scheduled to continue to register a deficit, mainly because of the obligations in the non-financial public sector that will mature. The financing interval that coincides with the implementation of the program will be financed through extra credits and other negotiated loans.

36. The government will continue to make all necessary efforts to normalize its relations with the international financial community in a way consistent with its promise of reinstating Brazil in the international economy and, at the same time, remain compatible with its efforts to implement the fiscal adjustment and ensure an adequate and sustained rate of economic growth. Within this framework, the government will:

a. Do its best to reach, before March 1992, an agreement with the official creditors over the payment of due obligations. To achieve that, the government will try to refinance obligations that have become due and those that result from the servicing of the debts with Paris Club creditors that are related to the eligible debt of the non-financial public sector. The government will not fall behind in paying its official creditors during implementation of the program.

b. Seek to increase disbursements—including resources to support the structural reforms underway—by the World Bank, the Inter-American Development Bank, and the official creditors.

c. Continue to seek a broad and long-lasting agreement with international private creditors and thus meet foreign financing requirements during implementation of the program, while contributing satisfactorily to a feasible, medium-term payment balance. Within that framework, the government will continue to allow private Brazilian companies—as well as some public companies, such as Petrobras [Brazilian Petroleum Corporation], the Rio Doce Valley Company, and some financial institutions—free access to the fluctuating exchange market, thus making it possible to service the debt to creditor banks. The government will continue to allow those companies to pay market interest rates on their new loans. The government will continue to pay the overall servicing of the debt relevant to the non-eligible bank debts that become due. It will make partial interest payments on eligible debts to creditor banks for the non-financial public sector that become due and will allow the use of foreign-debt notes in its privatization program. To help finance the debt-reduction operations, the government requests that 25 percent of each draft made within the framework of this stand-by [preceding word in English] agreement be set aside. The government will continue to give precedence to a swift and satisfactory conclusion to the current negotiations with the commercial creditor banks.

37. In light of the heavy burden of debt servicing upon both public finances and the balance of payments in the medium term, the government will limit new foreign borrowing by the public sector, including short term borrowing by the nonfinancial public sector. To that end, three-month ceilings have been established and specified in Section VI of the attached Technical Memorandum of Understanding.

38. Although the Brazilian Government is fully convinced that the policies outlined in this letter will be instrumental in achieving the objectives of this program, it will continue to adopt any additional measure that may become necessary to achieve such objectives. During the period covered by this agreement, and following IMF procedures, the government will consult with the IMF regarding the progress made in implementing the policies described herein. The government's economic program described herein will be specifically reviewed with the IMF every three months seeking to evaluate the progress made in implementing these policies and in keeping with IMF policies to ensure the required financing. In any case, the economic program will be reviewed again with the IMF before 31 August 1992 and before 28 February 1991 [date as published] in order to establish adequate performance guidelines for the second half of 1992 and for the first half of 1993, respectively.

[Signed] Marcilio Marques Moreira, minister of economy, finance and planning; Francisco Roberto Andre Gros, president of the Central Bank of Brazil.

Werneck: Argentines Hamper Mercosur Integration

PY1012231891 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 10 Dec 91

[Text] National Economy Secretary Dorothea Werneck today said that Argentine businessmen are hampering Brazilian-Argentine integration within the Mercosur [Common Market of the South] because of their fear of competing in the fields of leather for shoes and agroindustrial products.

Argentina is forbidding exports of rawhides and agroindustrial products to Brazil because the Brazilian industrial base is larger and the internal market is more consolidated.

Brazil is the fifth-largest exporter of shoes in the world, although it has experienced a drop in foreign sales this year, especially to the United States because of the U.S. recession.

Peruvian Air Force Orders 10 Tucano Planes

PY2711231091 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 27 Nov 91

[Report by Maira Godoy Pereira from Sao Paulo]

[Text] The Brazilian Aeronautics Company, Embraer, will sell 10 Tucano training planes to the Peruvian Air Force.

The Tucano training planes will be delivered by the end of December. They will complement the Peruvian Air Force training fleet, which is completely made up of Tucano planes.

A total of 641 Tucanos have been ordered. Of this total, 466 have already been delivered and are operating in the air forces of 12 countries.

Chile

Suit Filed Against U.S. on Poisoned Grapes

PY1012203091 Santiago Radio Chilena Network in Spanish 1600 GMT 10 Dec 91

[Text] In the case of the poisoned grapes, the government has filed a suit against the United States through diplomatic channels. This has been done even though the affected private parties have not yet started their legal proceedings.

This was revealed at noon today by Foreign Minister Enrique Silva Cimma. He explained that this suit has been made so that the diplomatic negotiations will allow the U.S. Government to acknowledge that the grapes were not poisoned in Chile, and that in one way or another the damage was due to actions that occurred outside the country and on premises that do not belong to Chile.

He stressed that we are embarking on this action to defend the patrimony of the state and the patrimony of those who were affected.

He stated that on 4 December a note was sent to the U.S. ambassador in Chile that informs him of this decision. He also stated that we hope the results of this negotiation, which does not have a deadline in view of the direction it can take, ends with good results.

Silva Cimma stressed that the reason for adopting this diplomatic channel is because we, as a sovereign state, do not believe that it is legally viable to file a suit before a U.S. court, which is the case of the private citizens who were directly affected. Our channel is the diplomatic channel, he concluded.

Defense Ministry Communique on Arms Shipment

PY1112132291 Santiago Radio Chilena Network in Spanish 1000 GMT 11 Dec 91

[Text] The Chilean Defense Ministry has stated that the shipment of weapons allegedly bound for Croatian forces in Yugoslavia, which was found in Hungary, might have been shipped from Chile last 30 November.

In a communique the ministry states that the shipment and administrative procedures followed are being investigated. This information was disclosed by acting War Under Secretary Colonel (Raul Carvajal Davidson), who read the communique:

[Being recording] According to the preliminary investigations, it has been established that this shipment might have been made from Chile on 30 November 1991.

We are investigating to determine who authorized the shipment and what administrative procedures were followed. [end recording]

The communique adds that the only recently-authorized shipment was for shipment of weapons to an Asian country, without mentioning the name of the country. (Carvajal) said that his ministry will continue to inform on the investigations. He then left the room without answering any of the journalists' questions.

The Army Ordnance, Famae, has denied knowing anything about the alleged shipment of weapons to Hungary. The same goes for the Cardoen enterprise which stated that they have nothing to do with the shipment.

Government Willing To Welcome Croatian Refugees

PY2911015291 Santiago Radio Cooperativa Network in Spanish 2200 GMT 28 Nov 91

[Excerpts] The Chilean Government is willing to welcome Croatian refugees. However, neither unofficial nor official requests have been submitted. This statement was made by Interior Under Secretary Belisario Velasco. [passage omitted]

Concerning the Croatians and the possible shelter that they might find in Chile, Velasco said:

[Begin Velasco recording] According to what the foreign minister told me, neither official nor unofficial requests have thus far been received on the subject. Requests normally should come through the IOM [International Organization for Migration]. The Chilean Government position is to give a favorable response to this situation, based on the existing circumstances. [end recording]

He reiterated that no official request has thus far been made for sheltering Croatian families in Chile, and that if any request is made the answer will be favorable.

Congressional Group Created With Croatians

PY0912192891 Santiago EL MERCURIO in Spanish 1 Dec 91 p C2

[Text] Valparaiso—National Renewal Deputies Carlos Vilches and Baldo Prokurica have announced the creation of a Chilean-Croatian group comprising congressmen from different blocs. Its objective it to seek ties with the Croatian Republic and develop common activities at the Chilean congress, especially taking into account that some 130,000 citizens of Croatian descent live in our country. The group is made up of Baldo Prokurica as president, Christian Democrat Milenko Vilicic as vice president; Antonio Horvath of National Renewal, and Sergio Correa of UDI [Independent Democratic Union]. Among the activities scheduled for this group we can point out the upcoming visit of the Croatian Parliament president to Chile on 8 December.

Aylwin's Anticrime Measures Criticized

PY1012234891 Santiago Radio Chilena Network in Spanish 1600 GMT 10 Dec 91

[Text] The Communist Party of Chile [PCCh] has said that the safety measures announced on 9 December by President Patricio Aylwin are unilateral and repressive.

This statement was made by PCCh leader Volodia Teitelboim, who said that acts of repression are a priority issue in the measures announced by the chief of state.

Teitelboim said that criminality is a more deep-rooted problem that is linked to the poverty problem. He also said that actions against crime must be focused on preventive measures.

Central Bank Vice President Appointed

PY1112001691 Santiago Radio Cooperativa Network in Spanish 2200 GMT 9 Dec 91

[Summary] Economist Juan Eduardo Herrera, 52, has been appointed Central Bank vice president. He graduated as a commerce engineer from the University of Chile and holds a master's degree from Cambridge University, England.

Peru

Deputies Reject Fujimori's Senate Remarks

PA1012234691 Lima Global de Television Network in Spanish 0100 GMT 10 Dec 91

[Text] The Senate debate that began on the morning of 10 December concluded with the approval of a multiparty motion to reject President Fujimori's antagonistic statements toward Congress and to declare the prime minister's explanations of these statements unsatisfactory. The motion is intended to remind the president that it is his duty to respect the nation's institutions.

In the Senate, the 40 signatures required to call a special session were obtained. The request was presented at the higher [word indistinct], and the 120 deputies are expected to approve the motion. No date has been fixed for the special session to revise the government's legislative decrees.

The Senate ratified the promotion of three Air Force officials. Army promotions, including that of current Interior Minister Juan Briones Davila, are awaiting ratification.

In a marathon session, the Chamber of Deputies drew up a draft bill for 1992 financing to establish the state's financial resources and tax revenues. This draft bill is composed of four chapters, 37 articles, and some complementary and temporary dispositions. The bill's fourth chapter contains 122 articles and is devoted to the income tax issue. Some changes were made during the debates on the original document sent from the Senate, including changes to Article 22 on income tax that now declares properties with a value less than 20 tax units [not further identified] to be exempt from taxation. The financing draft bill is an attempt to avoid overburdening the needy while still enforcing a strict tax policy. The Economy Commission upheld the modifications and additions. The Chamber of Deputies will meet on 10 December at noon.

Projectiles Fired at Minister's Home

PA1112023591 Lima Global Television Network in Spanish 0130 GMT 11 Dec 91

[Text] On 10 December in Miraflores, three Instalaza-type projectiles were fired at the residence of Carlos Bolona, economy and finance minister. The first one hit an adjacent residence without causing casualties, the second hit a pole, and the third one—which did not explode—was defused by the police.

A large-scale police operation was immediately ordered. Alberto Albitez filed this report:

[Begin recording] Four individuals were reportedly the masterminds of the failed attack on the residence of Minister Bolona. The three Instalaza-type projectiles were fired from Mora Park at his residence on 1678 Angamos Avenue in Miraflores.

The first projectile hit an adjacent residence causing only structural damage, the second projectile hit a utility pole a few meters from the minister's residence, and the third crashed against the trees in that park. [end recording]

France Donates $2 Million for Water Plant

PY2811000491 Lima EL COMERCIO in Spanish 21 Nov 91 p A13

[Summary] The French Government has donated $2 million for the expansion of the Lima Water Service

Company's La Atarjea water-processing plant. The expansion will benefit 750,000 inhabitants in northern and southern Lima.

Uruguay

President Lacalle Assesses Rio Group Summit

PY0512205891 Montevideo Radio Carve in Spanish 2300 GMT 4 Dec 91

[Text] President Lacalle has announced that 1992 will be the year of social achievements. Returning to the country, President Lacalle reported that the IDB [Inter-American Development Bank] approved a loan totaling $36 million to implement social projects. Lacalle said that this is an important credit and that the country probably will note an increase in investments in the social field. Assessing his tour of Cartagena de Indias, where he attended the Rio Group summit, Lacalle said:

[Begin Lacalle recording] The activity reported to the public was carried out in two very different stages. On the one side were the matters of political connotation concerning Cuba and Haiti, which deserved a great many commentaries. Comparing this summit with the one held in 1990—I attended these two summits—I must say that the attention was mostly concentrated on technical issues. The Latin American Energy Organization, as the Uruguayan energy minister already has stated, submitted a study on the energy profile in Latin America. This is a matter of great importance to Uruguay. The OLADI [Latin American Energy Association] also is drafting a report on the energy profile in Uruguay that will be ready in March. This is a very important matter because it has to do with the cost of energy and the possibility of competitiveness within the Mercosur [Common Market of the South]

I should also note the not properly emphasized participation of the IDB, the Latin American Economic System, and the ECLA [Economic Commission for Latin America], which announced important and favorable news. For the first time in a decade, the figures in Latin America are positive. Investment has increased throughout this continent. Economic growth also has increased and will reach an average of 4 percent in countries of this region. Inflation is decreasing everywhere but not to the desired level. A renewed confidence by the economic agents can be noted. That is, it seems that the nineties have started with favorable indexes. This was very well documented by our fellow countryman, who is the IDB president, and by the aforementioned agencies. Other technical reports have been drafted, and I believe that the presidential meetings will focus on this matter rather than on circumstantial matters related to the situation in Cuba or Haiti. I think these technical matters will have a great future and I voice my hope in these meetings, because beside the political issues, what we want is to increase prosperity and development. A development process is being noted, and I want to point this out because we will carry out important achievements in Uruguay in 1992. I have just received information that the IDB has approved a $36 million loan that will be aimed at implementing social projects. Next year our country will surely note an increase in the investment in the social area. [end recording]

Advent of Mercosur 'Threatens' Military Role

PY0912204291 Madrid EFE in Spanish 1552 GMT 9 Dec 91

[By Juan Antonio de Lucas]

[Text] Montevideo, 9 Dec (EFE)—The Uruguayan Army in a document has expressed its concern regarding the Common Market of the South (Mercosur), which threatens its traditional functions, and it has once again brought up the argument of the "fight against subversion."

The document, received with concern in political circles after its release on 5 December, was drafted by the Institute of Superior Military Studies (IMES) and was received by the government through the Defense Ministry.

In one paragraph, the Uruguayan military revive the concept of the fight against "eventual reemergence of subversion" which they cite as the most important function that the armed forces of a member country of Mercosur (Argentina, Brazil, Paraguay, and Uruguay) would have to undertake.

According to political observers, the Uruguayan population maintains a high degree of sensitivity toward the so-called "dirty war" and the human rights violations committed by the military during 12 years of dictatorship (1973-1985).

Congressmen of the various political parties periodically demand a national debate to determine whether a small country like Uruguay, which has very good relations with its neighbors, should maintain an armed force which absorbs a good part of the national budget and represents 31 percent of the public employees. Regional integration within the Southern Cone, which definitively pushes away the danger of wars in the region, reinforces even more the anti-military arguments, and this is why the military study stresses the new functions that the Army could undertake.

The IMES analysts have admitted that "Argentina and Brazil now will not be hypothetical adversaries but potential allies," but they warn of "the need to guard the borders to prevent attacks against the national identity."

These concepts were expanded last during a series of courses held at the Center of High National Studies, an IMES department, during which a fairly pessimistic hypothesis was raised regarding the consequences for Uruguay if it joins Mercosur.

The final report stresses that "the foreseeable increase in internal conflicts as a consequence of unemployment that will be caused by industrial reconversion is the main concern of the Armed Forces."

The Uruguayan military even hazard that "in the case of a reemergence of subversion in our country, Argentina, and Brazil it would naturally become a common enemy for integration, which would help in the doctrinal and operational coordination and the exchange of information."

Diplomatic sources have indicated that this "doctrinal and operational" coordination already existed in the 1970's, when the three countries were governed by dictatorships and it helped in the disappearance of opposition politicians.

The Uruguayan military contend that "the internal security of the population" and the "maintaining of internal order" become their new functions once regional integration makes them obsolete for the defense of the territory and sovereignty.

During the past few months the Uruguayan military have made public declarations that have caused concern within political circles.

The government project of reducing by 360 the number of officers caused the angry reaction of the Military Center, a corporate institution, which in a document talked about an "insult against the Armed Forces and the nation as institutions that were born before and are superior to the state itself and its constitution."

Lieutenant General Guillermo de Nava, the Army commander in chief, four months noted ago the willingness of the Armed Forces to hold a "dialogue with all political factions in the country."

Moreover, General Pedro Bonnet, retired, president of the Military Center, stressed that "dialogue with the Broad Front is not viable, because the communists and Tupamaros are members and they are the enemies of the Armed Forces."

The Broad Front, a leftist coalition, is the third-ranking political force in the country after the Blanco and Colorado Parties. The Broad Front governs Montevideo Municipality and is showing considerable growth in the polls.

Government-Union Strike Confrontation Growing

PY0912224291 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1955 GMT 9 Dec 91

[Text] Montevideo, 9 Dec (AFP-NA)—While the people were expecting a period of relaxation at the end of the year, today, 9 December marked the greatest confrontation between the government and the unions with the conflicts in the National Administration of Fuels, Alcohol, and Portland Cement [ANCAP] in the port of Montevideo and in private banks, according to official sources.

The strike of ANCAP employees who are demanding special salary compensation has practically left the country without fuel, while the government was studying special measures to limit the union rights to guarantee fuel distribution.

The longshoremen's conflict at port, which has isolated Uruguay by sea and has caused a tremendous loss to the national economy, is a protest against the approval in the Senate of a bill that deregulates the longshoremen's work.

The strike in private banks, causing several problems in financial activity, complies with a union dissatisfaction over the dismissal of four employees from a branch office in the interior of the country by a foreign bank.

"The situation is serious because we are in the beginning of the tourist season and fuel shortages will prevent the arrival of tourists, and if we do not adopt urgent measures commercial flights could also be affected," one source said.

To all this we must add other union measures of minor importance but which have also interrupted several activities, such as the partial strike in the urban transport system of Montevideo, the public administration, and telecommunications.

To confront this growing wave of agitation the government can resort to exceptional measures called "essential services," which without forbidding the strikes, force part of the union to fulfill the minimum essential work, warning workers of possible serious punishments.

On reaching this extreme, if the workers who have been called refuse to fullfill the essential services, the administration can call the Army and the police to carry out these services.

So far, despite the bitter criticisms the PIT-CNT [Inter-Union Workers Plenum-National Convention of Workers] has made against President Luis Alberto Lacalle's economic policy of deregulating activities and privatizing state companies, the climate between the government and the unions has been that of a dialogue and social peace.

Widening Schism Inside Communist Party Reported

PY0512205691 Montevideo BUSQUEDA in Spanish 28 Nov 91 pp 12-13

[By Alvaro Giz]

[Excerpt] The succession of victories achieved by the "traditional" group of the Communist Party of Uruguay (PCU) on 23 and 24 November, and the decision of the so-called "renovators" to continue the struggle to impose their proposals, have widened the schism affecting the PCU. Traditionally, the word "trend" in the PCU has been tantamount to a four-letter word.

Like other traditional Uruguayan political parties, the PCU seems to be destined to coexist under a bipolar party structure. This will be the case at least until one of the PCU factions decides to break with the party.

Since this past weekend, the two contending PCU factions are waging an open battle from their consolidated

positions. The "renovators" are in control of two powerful strongholds: the Executive Committee and the Central Committee. But the "traditional" group has taken hold of the Montevideo "bunker." [previous word in English] [passage omitted]

Venezuela

* Students Arrested by DISIP Before Strike

92SM0117A Caracas EL DIARIO DE CARACAS in Spanish 8 Nov 91 p 5

[Article by Ingrid Castellanos]

[Text] At 0400 Thursday, the eve of the labor strike, raids were staged simultaneously in different parts of the country on the residences of university students leaders, most of them enrolled at the Central University of Venezuela (UCV) and belonging to the Union of Young Revolutionaries (UJR) and the Movement for a People's Democracy.

The nation's university community reacted with great indignation to these raids carried out by DISIP [Directorate of Intelligence and Prevention Services] yesterday. The raids were described as "arbitrary and in violation of human rights" and those arrested, including Professor Carlos Hermoso, of the UCV School of Economics, were accused of no crime. Commissions from DISIP and even the Metropolitan Police displayed presumably rigged warrants ordering the raids.

Upon hearing the news, the UCV Federation of University Centers (FCU) notified the Office of Attorney General and several deputies belonging to different political camps asking them to secure the release of the young people picked up and questioned.

DISIP blamed them for the successive student protests which for the past two weeks have had all of Caracas, Los Teques, Guarenas, and Ocumare del Tuy in an uproar.

Those arrested include: Juan Bautista Contreras, UCV social work student; Gabriel Puerta, revolutionary leader and former leader of Red Flag; Rene Cedillos, member of the UCV Social Work Executive Committee; Coromoto Blanco, member of the Executive Committee, the UCV Administration, and UJR officer; Carlos Hermoso, UCV professor of economics and national leader of the Movement for the People's Democracy (MDP); German Blanco, UCV history student and former general secretary of the Union of Young Revolutionaries (UJR); Daniel Hernandez, general secretary of the MDP in Caracas; Henry Benitez, president of the Federation of Student Centers of the Barquisimeto Pedagogical Center and national leader of the UJR; Manuel Deza, president of the FCU-ULA [Los Andes University] and representative to the CNU [Urban National Command]; Yanes Jimenez, student representative to the UCV Faces Council and national leader of the UJR; Carlos Alvarez, UCV student; Luis Crespo, president of the UCV Statistics Students Center; Luis Domingo Anez, general secretary of the Agronomy Students Center, UCV branch in Maracay, and member of the Socialist Workers Party (PST); Douglas Sucre, from the Maracay Agronomy Students Center; and Yanet Torcat, member of the Federation of Education Students.

Early in the morning, a visit was paid to DISIP headquarters by Roberto Ruiz, academic vice rector of the UCV; Professor Elias Eljuris, and Deputies Aristobulo Isturiz (La Causa R), Ricardo Gutierrez (PCV), Armas Mata (MAS [Movement Toward Socialism]), Carlos Azpurua (La Causa R), and Rebeca Hacket, member of the Association of UCV Employees. They demanded that the director of the police agency release those being held. Father Luis Maria Olaso from the Human Rights Directorate of the Attorney General's Office and Dilia Parra from Citizen's Defense also proceeded to the police headquarters to help secure the young people's release. Only as a result of their action was their release obtained that same day.

The Attorney General's Office termed the arrests "abusive and in violation of human rights," while a semi-official report noted that DISIP said it was only a "preventive measure." Other students reported that they tried to have this report published in EL NACIONAL, but that the National Guard (GN) barred them from the newspaper's premises.

* Oil Revenue for 1991 To Exceed $12 Billion

92SM0117B Caracas EL DIARIO DE CARACAS in Spanish 6 Nov 91 p 19

[Articles by Dalia Gutierrez and Ross Mary Gonzatti]

[Text] Rafael Guevara, deputy minister of energy and mining, estimated yesterday that additional revenue from the country's oil sales could bring in some 40 billion bolivars by the end of the year.

As scheduled, officials from the Ministry of Finance, Cordiplan [Office of Coordination and Planning], Venezuelan Petroleum (PDVSA), the Central Budget Office, and the Ministry of Energy and Mining met again yesterday to iron out the final details relating to the alternate plan to be presented by Venezuelan Petroleum in the weeks ahead.

Guevara emphasized that "the final estimates being made are not yet ready" and reiterated that officials are working on the parameters that will comprise the statement to be presented by the Ministry of Finance on the performance of Venezuelan Petroleum and its subsidiaries.

Officials attending the meeting once again discussed the different parameters and the behavior of the world oil market in terms of how it affects Venezuelan exports. They also finalized figures on Venezuelan oil prices to date and their likely level by the end of the year in order to make recommendations to the Ministry of Energy and

Mining, Cordiplan, Finance, Venezuelan Petroleum, and the Central Bank of Venezuela (a high-level commission entrusted with the task of determining how to adapt the spending and finance policy of PDVSA plans to national plans) on plans for the oil industry.

Although Guevara emphasized that no precise figures were yet available on the alternate plan to be presented, he did say that the price per barrel was an estimated $17, a "conservative" figure for export levels of 2.06 million barrels a day by the end of the year and an exchange parity held at 56 bolivars to the dollar.

According to these estimates, oil sales would provide the country with some $12.782 billion by the end of 1991. Revenue in bolivars would total 715.808 billion, approximately 80 percent of which would go to the national treasury (572 million bolivars) and the rest to the PDVSA.

Guevara deemed that "there is sufficient additional revenue," an estimated 40 billion bolivars.

In answer to questions from the press, he emphasized that "there is no fiscal crisis. The government is working to achieve a fiscal balance between revenue and spending among the different entities comprising the public sector."

According to calculations made at the different meetings, even in the absence of specific figures, the deputy minister of mines nevertheless said they would be released on Thursday.

[Box, p 1]

Government To Pay Debt on 18 November

In order to make up for the inadequate debt allocation, a request for additional credit will be presented to the Cabinet tomorrow to be charged against oil revenue to be declared by Venezuelan Petroleum in its alternate plan.

The request, which the government may introduce into Congress on Friday, must soon be approved because the next debt payment is scheduled for 18 November.

While the price of oil per barrel has been under the budget estimate, the volume of exports and average rate of exchange have, on the other hand, been above estimates. By raising the rate established by the budget from 50 bolivars to the dollar to 56 (average for the year), one would obtain a difference of $12.782 billion in industry revenue. Considering the PDVSA pays some 68 percent of its revenue into government coffers for taxes and export duties, this means a total of nearly $8.7 billion, making it possible to pay the needed 50 billion bolivars on the domestic and foreign debt.

Official sources have gone so far as to say that the 15 billion bolivars which the government owes to the Central Bank of Venezuela will be paid.

Only two foreign commitments will not be paid because they are being refinanced: the first, a 12-billion-bolivar debt contracted in German marks for bonds issued to past governments. This debt is now being rescheduled by the Ministry of Finance.

The second commitment is for military IOU's, also known as regular management contracts. Some 8 billion bolivars that were to be paid this year, as well as the service for 1992, will also be refinanced.

Early in the year, the Ministry of Finance paid some 25 billion bolivars in military IOU's even though the Executive Branch had decided to suspend that payment. Only the 8 billion being refinanced remain. For some official sources, payment of the IOU's is largely responsible for the deficit in the debt allocation. The IOU's are from a debt contracted under the Lusinchi government stemming from the incursion of the Colombian corvette known as the "Caldas" into Venezuelan territorial waters.

But just as the government will manage to square its accounts with respect to the debt, other needs will obviously have to be forgotten. Sources close to the Executive Branch have indicated that requests for additional credits for the Ministries of Foreign Relations, Transportation and Communications, and Defense will not be met, even with potential special revenue from interest or customs because the latter have already been included in estimates.